Paragon Ceylon
PLC

# Annual Report 2026

# Notice of Meeting

**NOTICE IS HEREBY GIVEN** that the Sixty Ninth (69th) Annual General Meeting of Paragon Ceylon PLC will be held at the Nondescripts Cricket Club, Committee Room, No 29, Maitland Place, Colombo 7 on the Twenty Fifth (25th) September 2026 at 10.45 a.m. and the business to be brought before the Meeting will be:

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Financial Statements for the year ended 31st March 2026 and the Report of the Auditors thereon.
2. To re-elect Mr. M. R. Y. Riffai, who retires by rotation in terms of Article 84 of the Articles of Association, as a Director of the Company.
3. To authorize the Directors to determine donations for the ensuing year.
4. To re-appoint Messrs. Bakertilly Edirisinghe & Company, Chartered Accountants as the Auditors of the Company and to authorize the Directors to determine their remuneration.

BY ORDER OF THE BOARD
**PARAGON CEYLON PLC**

**BUSINESSMATE (PRIVATE) LIMITED**

DIRECTOR/SECRETARIES

25th August 2026.
Colombo.

**Note:**

A shareholder is entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of him/her. A Proxy need not be a shareholder of the Company. A Form of Proxy is enclosed for this purpose. The completed form of Proxy should be deposited at the Registered Office of the Company, not less than forty-eight (48) hours before the time fixed for the commencement of the Meeting.

Paragon Ceylon PLC

# Corporate Information

## Directors

L. I. Ratnasabapathy
*(Chairman/Managing Director)*

A. M. De Alwis- Executive Director

J. B. M. Ponrajah - Executive Director (Resigned w.e.f. 26.09.2025)

M. R. Y. Riffai - Independent Non-Executive Director

D. T. De Alwis - Independent Non-Executive Director

J. R. J. Gomez - Independent Non-Executive Director

## Secretaries

Businessmate (Private) Limited

## Head of Finance

M. S. A. Kariapper

## Auditors

Bakertilly Edirisinghe & Company
*Chartered Accountants*

## Tax consultants

Wijeyeratne & Company
*Chartered Accountants*

## Bankers

Commercial Bank of Ceylon Ltd.

## Lawyers

Nithi Murugesu & Associates
Attorney-at-law

# Directors' Profile

**L. I. Ratnasabapathy** – *Executive Chairman and Managing Director*
Mr. L. I. Ratnasabapathy is a CIMA finalist with broad experience and exposure to finance, information technology, systems design and implementation, project management, and commercial offset printing. He serves as the Executive Chairman and Managing Director for, Paragon Ceylon PLC, Office Equipment PLC and International Computers Ceylon Ltd.

**J. B. M. Ponrajah** – *Executive Director* (resigned w.e.f. 26.09.2025)
Mr. J. B. M. Ponrajah is responsible for the overall operations of Paragon Ceylon PLC. He is responsible for strategy implementation and the achievement of the Company's goals. Mr. J. B. M. Ponrajah has been working with the Company since 1972 and has 50 years of experience in senior management, sales and marketing.

**A. M. De Alwis** – *Executive Director*
Ms. A. M. De Alwis Obtained a Bachelor of Arts in Economics in 1994 from Haverford College in Pennsylvania and is a passed finalist of CIMA. She started her career as a management trainee at the Colombo Stock Exchange for a period of a year from September 1994 to 1995. Thereafter she commenced accounting studies and completed the exams of the Chartered Institute of Management Accountants in 1998. While studying accountancy, she obtained work experience at BIP Advantage Sri Lanka, an advertising agency, from September 1994 to December 1995 in the Accounts department. She then served as the Accountant at DLP L (Yellow Pages) Sri Lanka from 1999 to 2000 and thereafter for a period of a year at the Ceylon Printers Group of Companies, before rejoining the group in 2020. She is also a director at Office Equipment PLC and International Computers (Ceylon) Ltd.

**M. R. Y. Riffai** – *Independent Non-Executive Director*
Mr. M.R.Y.Riffai has decades of experience in the fields of journalism, media, communication and telecommunications. He has a BBA (Cum Laude) in International Business from the University of Northwood USA and an MA in Financial Economics from the University of Colombo. He is also a fellow of ABE (Association of Business Executives) UK. At present he is reading for his Mphil / Dphil at the University of Colombo.

At present, he functions as a founder director at the independent policy think tank, the Advocata Institute in charge of media, communication and brand strategy to engage with policymakers and the public on economic policy that is free and fair to all Sri Lankans. Previously, he was employed at Sri Lanka's largest telecommunications operator Dialog Axiata, as Manager-Brand and Media and prior to that he served as an editor and producer in Sri Lanka's television and online media.

He is also an Independent Non-Executive Director at Office Equipment PLC, and Managing Director of ShiftX (Pvt) Ltd.

**D. T. De Alwis** – *Independent Non-Executive Director*
Ms.D.T.DeAlwis is a Past Finalist of the Chartered Institute of Management Accountants London and a holder of a Bachelor of Business Administration (BBA) from the University of Colombo.

She has over 15 years of experience in the Finance & Leasing Industry. She has been with Lakderana Investments Ltd since April 2013 and currently serves as the Deputy Chief Operating Officer. She is also an Independent Non-Executive Director of Office Equipment PLC

**J. R. J. Gomez-** *Independent Non-Executive Director*
Joe Rohan Jeremy Gomez is an associate member of the Institute of Chartered Accountants of Sri Lanka, as well as an associate member of the Chartered Institute of Management Accountants U.K. He was articled at SJMS Associates, now Deloitte Sri Lanka, and worked there for four years as a Manager. He counts over 38 years of post-qualifying experience in mercantile establishments, blue chip companies and in the garment export trade both in Sri Lanka and Botswana. In Botswana, he worked at Price Waterhouse Coopers in the income tax division.

Since 2003, he has operated his own firm of Chartered Accountants- Integrated Accounting Solutions- undertaking assignments in accounting, auditing, income tax and secretarial work. He is also an Independent Non-Executive Director at Office Equipment PLC.

# Chairman's Review

On behalf of the Board of Directors, I welcome you to the 69th Annual General Meeting of Paragon Ceylon PLC and it gives me great pleasure to present to you the Annual Report of the Company for the year ended 31st March 2026.

The turnover of the Company in the period under review decreased from Rs 19.456 million in the preceding year to Rs. 11.150 million.

The company recorded an operating loss of Rs 2.130 million as against a loss on operations of Rs 0.494 million in the previous year.

The operating loss was attributed to a decrease in other income and decreases in the sale of pre-printed stationary and print jobs.

The company recorded a net loss of Rs 2.000 million for the year under review.

The Management is exploring new streams of revenue whilst looking into the operations of the company and taking necessary measures to increase Turnover and the profitability during the current Financial Year.

In conclusion, I wish to take this opportunity to express my thanks to all our customers, bankers, suppliers and principals for their patronage and support.

My thanks also to my colleagues on the Board, the Management and staff for their commitment and last but not least, our shareholders for their support and confidence.

**L. I. Ratnasabapathy**
Chairman

24th August, 2026

# Annual Report of the Board of Directors on the Affairs of the Company

The Directors of Paragon Ceylon PLC have the pleasure of presenting their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2026.

This Annual Report of the Board on the affairs of the Company contains the information required in terms of the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange, and is guided by recommended best practices.

**General**
Paragon Ceylon PLC is a public limited liability company which was incorporated under the Companies Ordinance No.51 of 1938 as a public company on the 20th day of June 1958. Pursuant to the requirements of the new Companies Act No. 7 of 2007, the Company was re-registered on 04th August 2008 and bears registration number PQ186.

**Principal activities of the Company and review of performance during the year**
The main activity of Paragon Ceylon PLC, which remained unchanged during the year, is printing and the sale of Paragon security register stationery, blank, and preprinted computer continuous stationery, as well as Kalamazoo forms and binders. The company has also diversified into undertaking outsourced commercial printing such as calendars, brochures, magazines, ledger sheets, lunch boxes, and associated products. The Chairman's Review describes the Company's affairs and mentions important events that took place during the year.

This Report together with the Financial Statements, reflect the state of affairs of the Company.

**Financial Statements**
The Financial Statements of the Company duly signed by two Directors on behalf of the Board and the Auditors are given on pages 37 to 40.

Summarized Financial Results

| | **COMPANY** | |
|---|---|---|
| **Year ended 31st March** | **2026 Rs.** | **2025 Rs.** |
| Revenue | **11,150,121** | 19,456,338 |
| Profit /(Loss) for the year | **(2,000,237)** | (595,962) |

**Auditors' Report**
The Report of the Auditors on the Financial Statements of the Company is given on pages 34 to 36.

**Accounting Policies**
The Accounting Policies adopted by the Company in the preparation of the Financial Statements are given on pages 41 to 50 which are consistent with those of the previous period.

**Directors**
The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on page 03.

**Executive Directors**
Mr. L I Ratnasabapathy - Chairman & Managing Director
Mr. J B M Ponrajah (Resigned w.e.f. 26.09.2025)
Ms. A M De Alwis

**Independent Non-Executive Directors**
Mr. M. R. Y. Riffai
Ms. D.T. De Alwis
Mr. J. R. J. Gomez

# Annual Report of the Board of Directors on the Affairs of the Company Contd...

Mr M.R.Y Riffai was appointed as an Independent Non-Executive Director of the Company with effect from 1st December 2023. Mr. M. R. Y. Riffai retires by rotation in accordance with Article 84 of the Articles of Association of the Company, and being eligible, is recommended by the Directors for re-election.

**Interests Register**

The Company maintains an Interests Register in terms of the Companies Act, No. 7 of 2007, which is deemed to form part and parcel of this Annual Report is available for inspection upon request.

All related party transactions, which encompass the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period, are recorded in the Interests Register in due compliance with the applicable rules and regulations of the relevant Regulatory Authorities.

The relevant interests of Directors in the shares of the Company as at 31st March 2026 as recorded in the Interests Register are given in this Report under Directors' shareholding.

**Directors' Remuneration**

The Directors' remuneration is disclosed in Note 7.1 to the Financial Statements on page 51.

**Directors' Interests in Contracts**

The Directors' interests in contracts are included with the related party disclosures in Page 64 to the Financial Statements.

The Company carried out transactions in the ordinary course of its business at commercial rates with related entities.

**Directors' Responsibility for Financial Reporting**

The Directors are responsible for the preparation of Financial Statements of the Company to reflect a true and fair view of the state of its affairs. The Directors are of the view that these financial statements have been prepared in conformity with requirements of the Sri Lanka Accounting Standards, the Companies Act No.7 of 2007 and the Listing Rules of the Colombo Stock Exchange.

**Auditors**

Messrs. Bakertilly Edirisinghe & Company, Chartered Accountants, served as the Auditors during the year under review. Based on the written representations made by the Auditors, they do not have any interest in the Company other than as Auditors.

The Audit fee payable to the Auditors for the year under review is Rs. 270,500/-(2025 - Rs. 236,200/-).

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 12th February 2026 recommended that they be re-appointed as Auditors. A resolution to re- appoint the Auditors and to authorize the Directors to determine their remuneration will be proposed at the Annual General Meeting.

**Independence of Auditors**

Based on the declaration provided by Messrs. Bakertilly Edirisinghe & Company, Chartered Accountants and to the extent that the Directors are aware, the Auditors do not have any relationship with (other than that of the Auditor), or interest in, the Company, which in the opinion of the Board, may reasonably be considered to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by The Institute of Chartered Accountants of Sri Lanka as at the reporting date.

# Annual Report of the Board of Directors on the Affairs of the Company Contd...

**Stated Capital**
The Stated Capital of the Company is Rs. 1,000,280/-

The number of shares issued by the Company stood at 1,000,280 fully paid ordinary shares as at 31st March 2026.

**Directors' Shareholding**
The relevant interests of Directors in the shares of the Company as at 31st March 2026 and 31st March 2025 are as follows.

| | Shareholding as at 31/03/2026 | Shareholding as at 31/03/2025 |
|---|---|---|
| Mr. L.I. Ratnasabapathy | Nil | Nil |
| Ms. A.M. de Alwis | 44,450 | 44,450 |
| Mr. J.B.M. Ponrajah (Resigned w.e.f. 26.09.2025) | Nil | 10 |
| Mr. M. R. Y. Riffai | Nil | Nil |
| Ms. D.T. De Alwis | Nil | Nil |
| Mr. J. R. J. Gomez | Nil | Nil |
| | 44,450 | 44,460 |

**Major Shareholders, Distribution Schedule and other information**
Information on the twenty largest shareholders of the Company distribution schedule of the number of shareholders, percentage of shares held by the public, market values per share as per the Listing Rules of the Colombo Stock Exchange are given on page 9 to 10 under Investor Information.

**Reserves**
The movement of reserves during the year is given under the Statement of Changes in Equity on page 39 (Statement of Changes in Equity).

**Land holdings**
The Company does not own any freehold land.

**Investment Property**
Details and movements of Investment are given under Note 12 to the Financial Statements on page 53 to 54.

**Capital Expenditure**
There was no capital expenditure during the year under review.

**Donations**
The Company has made no donations during the year under review.

**Dividends**
No dividends were declared during the year.

**Corporate Governance**
Corporate Governance practices and principles with respect to the Management and Operations of the Company are set out on pages 13 to 21.

An Audit Committee, Remuneration Committee, Nominations & Governance Committee and Related Party Transactions Review Committee function as Board sub committees, with Directors who possess the requisite qualifications and experience.

## Annual Report of the Board of Directors on the Affairs of the Company Contd...

The composition of the said committees is as follows.

| | **Sub Committees as on 31.03.2026** |
|---|---|
| **Audit Committee** | Mr. J. R. J Gomez -Chairman<br>Ms. D. T. De Alwis<br>Mr. M. R. Y. Riffai |
| **Remuneration Committee** | Mr. J. R. J Gomez -Chairman<br>Ms. D. T. De Alwis<br>Mr. M. R. Y. Riffai |
| **Related Party Transaction Review Committee** | Mr. J. R. J Gomez -Chairman<br>Ms. D. T. De Alwis<br>Mr. M. R. Y. Riffai |
| **Nominations and Governance Committee** | Mr. J. R. J Gomez -Chairman<br>Ms. D. T. De Alwis<br>Mr. M. R. Y. Riffai |

The Report on Corporate Governance is given on pages 13 to 21 of the Annual Report.

The Directors declare that the Company is in compliance with Rule 9.14 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the Financial Year ended 31st March 2026.

**Events Occurring After the Reporting Date**
No circumstances have arisen since the reporting date which would require adjustment to or disclosure in the Financial Statements.

**Going concern**
The Directors have made an assessment of the Company's ability to continue as a Going Concern, and being satisfied that it has the resources to continue in business for the foreseeable future, confirm that they do not intend either to liquidate or to cease operations. Therefore, the financial statements continue to be prepared on a going concern basis

**Recurrent and non-recurrent related party transactions**
There were no recurrent or non- recurrent related party transactions which required additional disclosures in the Annual Report for 2025/2026 as required by Rule 9.14.8(1)and 9.14.8(2) of the CSE Listing Rules

**Annual General Meeting**
The Annual General Meeting will be held on 25th September 2026 at 10.45 a.m.The Notice of the Annual General Meeting appears on page 01.

**By Order of the Board**
**Paragon Ceylon PLC**

**Mr. L I Ratnasabapathy**
Chairman

**Ms. A M de Alwis**
Director

**Businessmate (Private) Limited**
Secretaries

25th August 2026
Colombo

# Information to Shareholders and Investors

## 01. Twenty Largest Shareholders as at 31.3.2026

| | | 2026 No. of Shares Held | 2026 % | 2025 No. of Shares Held | 2025 % |
|---|---|---|---|---|---|
| 1 | CT HOLDINGS PLC | **222,200** | **22.21** | 222,200 | 22.21 |
| 2 | MR. J.T. RATNANATHER | **95,140** | **9.51** | 95,140 | 9.51 |
| 3 | MRS. B.A.J. RATNASABAPATHY | **48,860** | **4.88** | 48,860 | 4.88 |
| 4 | MR. A.J.C. RATNANATHER | **48,710** | **4.87** | 48,710 | 4.87 |
| 5 | CYRIL GARDINER (PRIVATE) LIMITED | **47,520** | **4.75** | 47,520 | 4.75 |
| 6 | SIR CHITTAMPALAM A GARDINER TRUST | **46,400** | **4.64** | 46,400 | 4.64 |
| 7 | MS. P.R. CANAGARATNA | **45,020** | **4.50** | 45,020 | 4.50 |
| 8 | MRS. A.M. DE ALWIS | **44,450** | **4.44** | 44,450 | 4.44 |
| 9 | MR. G.I. RATNANATHER | **35,580** | **3.56** | 35,580 | 3.56 |
| 10 | MR. J.S. RATNANATHER | **35,570** | **3.56** | 35,570 | 3.56 |
| 11 | DR. M.T. STANISLAUS | **28,860** | **2.89** | 28,860 | 2.89 |
| 12 | MR. W.N.S. CANAGARATNA | **20,035** | **2.00** | 40,070 | 4.00 |
| 13 | MR. W.N.S. CANAGARATNA | **20,035** | **2.00** | - | - |
| 14 | EST.OF LAT S.H.A. GULAMHUSEIN | **18,430** | **1.84** | 18,430 | 1.84 |
| 15 | MR. G.T. FAZLEABAS | **15,760** | **1.58** | 15,760 | 1.58 |
| 16 | MRS. R.M. DISSANAIKE | **14,050** | **1.40** | 14,050 | 1.40 |
| 17 | MRS. D.B.D.D. DANTHANARAYANA | **12,000** | **1.20** | 12,000 | 1.20 |
| 18 | MR. D.P. NAVARATNAM | **11,853** | **1.18** | 11,427 | 1.14 |
| 19 | CEYLON PRINTERS PLC GROUP EMPLOYEES PROVIDENT ASSOCIATION ACCOUNT NO. 02 | **10,320** | **1.03** | 10,320 | 1.03 |
| 20 | MRS. M.I. EMMANUEL | **10,000** | **1.00** | 10,000 | 1.00 |
| | | **830,793** | **83.04** | 830,367 | 83.00 |
| | BALANCE SHARE HOLDERS | **169,487** | **16.96** | 169,913 | 17.00 |
| | | **1,000,280** | **100.00** | 1,000,280 | 100.00 |

## 02. Shareholders Analysis

| | No of Shares Held As At 31st March 2026 | % | No of Shares Held As At 31st March 2025 | % |
|---|---|---|---|---|
| Shares Held by the Public | **945,510** | **94.52** | 945,100 | 94.48 |
| Shares Held by the Others | **54,770** | **5.48** | 55,180 | 5.52 |
| | **1,000,280** | **100** | 1,000,280 | 100 |

## 03. Distribution of Share Holding as at 31st March 2026

| | | 2026 No. of Shareholders | 2025 No. of Shareholders | 2026 No. of Shares | 2025 No. of Shares | 2026 % Held | 2025 % Held |
|---|---|---|---|---|---|---|---|
| 1 | 1,000 | **469** | 397 | **46,946** | 45,741 | **4.69** | 5.43 |
| 1,001 | 10,000 | **48** | 47 | **132,541** | 154,739 | **13.25** | 12.56 |
| 10,001 | 100,000 | **18** | 17 | **598,593** | 586,740 | **59.84** | 59.80 |
| 100,001 | 1,000,000 | **1** | 1 | **222,200** | 213,060 | **22.21** | 22.21 |
| Over 1,000,000 | | **0** | 0 | **0** | 0 | **0** | 0 |
| | | **536** | 462 | **1,000,280** | 1,000,280 | **100** | 100 |

# Information to Shareholders and Investors

## 04. Analysis of Shareholders as at 31st March 2026

| Category | No. of Shareholders | No. of Shares | % |
|---|---|---|---|
| Local Individuals | 485 | 468,415 | 46.83 |
| Local Institutions | 39 | 372,816 | 37.27 |
| Foreign Individual | 10 | 154,689 | 15.46 |
| Foreign Institutions | 2 | 4,360 | 0.44 |
| Total | **536** | **1,000,280** | **100** |

## 05. Directors' Shareholding as at 31st March 2026

| Names of Directors | No. of shares | Percentage (%) |
|---|---|---|
| Mr. L I Ratnasabapathy | Nil | 0.00 |
| Mr. J B M Ponrajah (Resigned w.e.f. 26.09.2025) | Nil | 0.00 |
| Ms. A M De Alwis | 44,450 | 4.44 |
| Ms. D. T. De Alwis | Nil | 0.00 |
| Mr. M. R. Y. Riffai | Nil | 0.00 |
| Mr. Gomez | Nil | 0.00 |

### SHARE PRICES FOR THE YEAR

| | 31/03/2026 | 31/03/2025 |
|---|---|---|
| **Market price per share** | | |
| Highest during the period | 710.00 | 105.75 |
| Lowest during the period | 150.00 | 75.40 |
| As at end of the period | 503.50 | 82.20 |

| | 31/03/2026 | 31/03/2025 |
|---|---|---|
| No. of transactions | 1,791 | 481 |
| No of Shares Traded | 66,917 | 24,118 |
| Value of Shares Traded (Rs.) | 26,553,272.00 | 2,138,238.05 |

### PUBLIC HOLDING

| | |
|---|---|
| Public Holdings percentage as at 31st March 2026 | 94.52% |
| Number of shareholders representing the above percentage | 534 |
| Total No of shareholders as at 31.03.2026 | 536 |

### FLOAT ADJUSTED MARKET CAPITALIZATION

The Float adjusted market capitalization as at 31st March 2026 – Rs. 476,041,454.00

The Company is not in compliance with Rule 7.13.1 (i) (a) of the Listing Rules of the Colombo Stock Exchange on minimum number of public shareholders.

# Statement of Directors' Responsibilities

Maintenance of Accounting Records Under the provisions of the Companies Act No. 07 of 2007 ('the Act'), every company is required to maintain accounting records that correctly record and explain the Company's transactions, and will at any time enable the financial position of the Company to be determined with reasonable accuracy, enable the Directors to prepare financial statements in accordance with the Act and also enable the financial statements of the Company to be readily and properly audited.

**Preparation of Financial Statements of the Company and Group**
The Act places the responsibility on the Board of Directors to ensure that financial statements are prepared within the prescribed time period in conformity with the Act. Such financial statements of a Company shall give a true and fair view of the state of affairs of the Company as at the reporting date and the profit or loss or income and expenditure, as the case may be, of the Company for the accounting period ending on that reporting date.

Further, the Act also requires that a Company with one or more subsidiaries at the reporting date also prepare financial statements in relation to the Group including every subsidiary, which give a true and fair view of the state of affairs of the Company and its subsidiaries as at the reporting date and the profit or loss or income and expenditure, as the case may be, of the Company and its subsidiaries for the accounting period ending on that reporting date.

**Dividends**
In the event of any distribution of dividends the Board of Directors is required to satisfy themselves that the Company will, immediately after the relevant distribution is made, satisfy the solvency test, provided that such a certificate is obtained from the auditors.

**Annual Report**
The Board of Directors is required to prepare an Annual Report on the affairs of the Company during the accounting period ending on the reporting date in the prescribed format and make the same accessible to every shareholder of the Company within the time frame prescribed in the Act.

**Independent Audit**
The Act required the Company to appoint an Auditor to audit the financial statements of the Company / Group for the reporting period. Accordingly, Bakertilly Edirisinghe & Company currently function as the Auditors of the Company. Their responsibility with regard to the financial statements as auditors of the Company are set out in the Independent Auditors' Report set out on pages 34 to 36.

**Management**
The Directors are responsible for the proper management of the resources of the Company. The internal control system has been designed and implemented to obtain reasonable but not absolute assurance that the Company is protected from undue risks, frauds, and other irregularities.

**Compliance**
Considering the present financial position of the Group and the forecasts for the foreseeable future, the Directors have adopted the going concern basis for the preparation of these financial statements.

**The Directors confirm that:**

(a) The Company is in compliance with the requirements of the Act as aforementioned.

(b) These financial statements have been prepared in accordance with the requirements of the Companies Act No. 7 of 2007 and applicable Sri Lanka Accounting Standards, which have been consistently applied and supported by reasonable and prudent judgments and estimates.

(c) All statutory payments have been made up to date.

## Statement of Directors' Responsibilities

(d) Other than as disclosed in the Financial Statements, no material issues have arisen pertaining to employees and industrial relations of the Company that requires disclosure or any adjustment to the Financial Statements.

(e) The directors have declared all material interests in contracts involving the Company and its subsidiary and they have refrained from voting on matters in which they were materially interested;

(f) The directors have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith;

(g) The directors have made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;

(h) The directors have made disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Company has operations;

(i) The Directors are satisfied that the control procedures within the Company operated effectively during the year.

**By Order of the Board**
**Paragon Ceylon PLC**

**Businessmate (Private) Limited**
Secretaries

25th August 2026
Colombo

# Corporate Governance

By Corporate Governance, we mean the system by which companies are managed and controlled. This is important both to the directors of the company and its subsidiaries.

The Board of Directors of Paragon Ceylon PLC values the guiding principles of good Corporate Governance to maintain the Company as a going concern as well as to comply with standards of sound business and accounting policies.

The extent to which the rules and principles of good Corporate Governance are implemented within the Company during the year is set out below.

**The Board of Directors**

The company's board consists of 05 directors of whom 03 are non-executive directors. The names and designations are given on page 02. The board meets on a regular basis and has a formal schedule of matters reserved to it. The board is supplied with full and timely information to enable it to discharge its responsibilities effectively. During the financial year 2025/2026 the board held Four meetings and reserved certain decisions to itself while others were delegated to the management to carry out the operations of the Company smoothly. Circular resolutions are adopted by the board from time to time on matters of routine importance.

Vacancies in the board are filled by a decision of the whole board. All members appointed to the board are individuals of high standing in society, experts in their chosen fields and individuals of the highest standards of integrity.

The appointment of the Senior Independent Director was made due to the Chairperson of the Company being an Executive Director. In terms of Rule 9.6.2 of the Listing Rules of the CSE, it is further disclosed that Mr. L. I. Ratnasabapathy has the necessary breadth of experience to fulfil both executive and oversight roles with the Company's best interests at heart. Hence the two roles are combined for the time being.

**BOARD MEETINGS**

| DIRECTOR | NATURE OF APPOINTMENT | NO OF MEETINGS HELD | NO OF MEETINGS ATTENDED |
|---|---|---|---|
| L. I. Ratnasabapathy | Executive Director | 4 | 4 |
| J.B.M. Ponrajah (Resigned w.e.f. 26.09.2025) | Executive Director | - | - |
| A.M. De Alwis | Executive Director | 4 | 4 |
| M. R. Y. Riffai | Independent Non-Executive Director | 4 | 4 |
| D. T. De Alwis | Independent Non-Executive Director | 4 | 4 |
| J.R.J. Gomez | Independent Non-Executive Director | 4 | 4 |

**Independent Directors**

As at the reporting date Mr. M. R. Y. Riffai, Ms. D. T. De Alwis and Mr. J.R.J. Gomez functioned as independent non-executive directors.

**Directors' Interests in Contracts**

Directors' interests in contracts have been disclosed and declared at the meetings of the Directors during the year and are disclosed in Page 60 to the Annual Report are also entered in the Interest Register.

# Corporate Governance

**Audit Committee**
The audit committee consists of Mr. J. R. J. Gomez - Chairman, Ms. D. T. De Alwis, and Mr. M. R. Y. Riffai.

**Remuneration Committee**
The Remuneration Committee consists of Mr. J. R. J. Gomez - Chairman, Ms. D. T. De Alwis, and Mr. M. R. Y. Riffai. This Committee makes recommendations to the Board of Directors of the Company on the remuneration policy of the Company as well as the aggregate remuneration of the Executive Directors.

**Nominations and Governance Committee**
The Nominations and Governance Committee consists of Mr. J. R. J, Gomez- Chairman, Ms. D. T. De Alwis, and Mr. M. R. Y. Riffai.

**Related Party Transactions Review Committee**
The Related Party Transactions Review Committee consists of Mr. J. R. J Gomez- Chairman, Ms. D. T. De Alwis, and Mr. M. R. Y. Riffai.

**Disclosure of Information and Compliance**
The Financial statements of the Company are prepared in accordance with the Sri Lanka Accounting Standards and in accordance with the requirements of the Colombo Stock Exchange.

Businessmate (Private) Limited who acts as Secretaries to the Company advises the Board on appropriate procedures for the management of its meetings and duties as well as the compliance of Corporate Governance in the Company.

| Subject | Compliance Status | Detail |
|---|---|---|
| **Disclosures regarding the Board of Directors** | | |
| Two of the Five Directors are Executive Directors. | Compliant | Please refer page no 03 to 04. |
| All non-executive directors are Independent Directors | Compliant | The Board has resolved that Mr. M. R. Y. Riffai, Ms. D. T. De Alwis, and Mr. J.R.J. Gomez are the Independent Directors of the Company. |
| Non-Executive Directors have submitted the declaration of independence/non- independence | Compliant | |
| Names of independent Directors included in the Annual Report | Compliant | Please refer page no 03 to 04. |
| A brief resume of each Director included in the Annual Report | Compliant | Please refer page no 03 to 04. |

## Corporate Governance

| Subject | Compliance Status | Detail |
|---|---|---|
| **Disclosures regarding remuneration and the Remuneration Committee** | | |
| Specify whether a separate Remuneration Committee was formed or listed parent's remuneration committee | Compliant | A separate Remuneration Committee was formed. |
| The names of the members and the composition of the Remunerations Committee are included in the annual report | Compliant | Please refer page no. 08. |
| The functions and the remuneration policy of the Remuneration Committee included in the annual report | Compliant | Please refer page no 26 to 27. |
| The aggregate remuneration paid to Executive and Non-Executive Directors specified in the annual report | Compliant | Please refer page no 60. |
| **Contents under the Audit Committee Report** | | |
| Specify whether a separate Audit Committee was formed or the listed parent's audit committee Used | Compliant | A separate Audit Committee is formed |
| The names of the members and the composition of the Audit Committee are included in the annual report | Compliant | Please refer page no 08 |
| The Managing Director and the Chief Financial Officer attend Audit Committee Meetings | Compliant | |
| The Chairman of the Audit Committee or one member should be a member of a professional accounting body | Compliant | Please refer Audit Committee Report on page 28 to 31. |
| The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination | Compliant | Please refer Audit Committee Report on page 28 to 31. |
| The Annual Report shall contain a Report of the Audit Committee setting out the manner of Compliance of the functions | Compliant | Please refer Audit Committee Report on page 28 to 31. |
| **Fit and Proper Assessment Criteria - 9.7.5** | | |
| In accordance with Section 9.7.5 and the criteria outlined in the Directions as specified in the Statutes, the Company is compliant. Affidavits from Directors and the CEO have been obtained, and all appointments have been approved | Compliant | |

Paragon Ceylon PLC

## Corporate Governance

Company's adherence to the Corporate Governance Rules as required by Section 9 of the Listing Rules of the CSE.

| | CSE Rule | Status of Compliance | Details/Reference |
|---|---|---|---|
| 9.1 | Applicability of Corporate Governance Rules<br>A statement confirming compliance with Corporate Governance rules | Compliant | See Corporate Governance found on page 13 to 21. |
| 9.1.3 | | | |
| **9.2** | **Policies** | | |
| 9.2.1/ 9.2.2/ 9.2.3/ 9.2.4 | Requirement pertaining to establishment and disclosure of policies set out in the listing rules. | Compliant | https://ofeqpara.wixsite.com/oepc |
| **9.3** | **Board Committees** | | |
| 9.3.1 | Ensuring that the following board committees are established and are functioning effectively<br>a)Nominations and Governance Committee<br>b)Remuneration Committee<br>c) Audit Committee<br>d)Related Party Transactions Review Committee | Compliant | |
| 9.3.2 | Comply with the composition, responsibilities, and disclosures required in respect of the above Board Committees as set out in CSE Rules | Compliant | Disclosed in the Independent Committee reports |
| 9.3.3 | The Chairperson of the Board of Directors shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above. | Compliant | |
| 9.4 | Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders | Compliant | |
| 9.4.1 | Maintain records of all resolutions and specified information pertaining to the resolutions considered at any General Meetings | Compliant | |
| 9.4.2 a)/b)/ c)/d) | Communication and relations with shareholders and investors | Compliant | |
| **9.5** | **Policy on matters relating to the Board of Directors** | | |
| 9.5.1 | Establish and maintain a formal policy governing matters relating to the Board of Directors | Compliant | See Company Policies https://ofeqpara.wixsite.com/oepc |

## Corporate Governance

| | CSE Rule | Status of Compliance | Details/Reference |
|---|---|---|---|
| 9.5.2 | Confirm compliance with the requirements of the policy referred to in Rule 9.5.1 in the Annual Report | Compliant | Disclosed in Statement of Directors' Responsibilities on page 11 to 12. |
| **9.6** | **Chairperson and CEO** | | |
| 9.6.1 | The Chairperson shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such entity | Non Compliant- Chair is an Executive Director: position of Chair is held by the same person; Compliant with regard to SID | See Report of SID on page no 22 to 23. |
| 9.6.2 | Where the Chairperson of a Listed Entity is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such entity shall make a market announcement | Compliant | Market Announcement made on 8th December 2023 |
| 9.6.3 a)/b)/ c)/d) | Requirement pertaining to Senior Independent Director (SID) | a) Compliant<br>b) Compliant<br>c) Compliant<br>d) Compliant<br>e) Compliant | b) Meeting held on. 12th February 2026<br>c) Meeting held on 12th February 2026<br>d)<br>e) See Report of SID on page no 22 to 23. |
| 9.6.3 e | A signed explanatory disclosure by SID demonstrating the effectiveness of duties of the SID | Compliant | Report of SID page no 22 to 23. |
| 9.6.4 | Explanation for non-compliance with Rule 9.6.1 in the Annual Report | Compliant | Refer page no 13 of AR for explanation |
| **9.7** | **Fitness of Directors and CEOs** | | |
| 9.7.1/ 9.7.2/ 9.7.3/ 9.7.4/ 9.7.5 | Requirement to meet the fit and proper criteria stipulated by the CSE Listing Rules and disclosure in Annual Report | Compliant | Reporting Date 31.03.2026 All directors have filled out questionnaires to assess their fitness & propriety and are considered fit and proper. |
| **9.8** | **Board Composition** | | |
| 9.8.1 9.8.2 | Requirement pertaining to the minimum number of Directors and Independent Directors | Compliant | |

# Corporate Governance

| | CSE Rule | Status of Compliance | Details/Reference |
|---|---|---|---|
| 9.8.3 | Conformity to the criteria set by CSE on determining the independence of the Directors | Compliant | |
| 9.8.5 a)/b)/c | Requirement pertaining to self-declarations annual determination of independence and market announcement in the event of the impairment of independence | Compliant | |
| **9.9** | **Alternate Directors** | | |
| 9.9 a)/ b)/c)/ d)/e | Non-Executive Directors shall be appointed as alternate directors in exceptional circumstances and for a maximum period of one (1) year from the date of appointment | N/A | No alternate directors were appointed |
| **9.10** | **Disclosures relating to Directors** | | |
| 9.10.1<br>9.10.2<br>9.10.3 | Requirement pertaining to the disclosure of the Directors | 9.10.1 Compliant<br>9.10.2 Compliant<br>9.10.3 Compliant | |
| 9.10.4 | Disclosure of details pertaining to Directors in the Annual Report | Compliant | Directors' Profile on page no 03 to 04. |
| **9.11** | **Nominations and Governance Committee** | | |
| 9.11.1/<br>9.11.2/<br>9.11.3 | Existence of Nominations and Governance Committee, formal procedure for appointment and re-election of new Directors and written Terms of Reference of Nominations and Governance Committee | 9.11.1 Compliant<br>9.11.2 Compliant<br>9.11.3 Compliant | |
| 9.11.4 | Composition of Nominations and Governance Committee members and appointment of its Chairperson | Compliant | |
| 9.11.5 | The Committee functions are in accordance with the set criteria as per the CSE Listing Rules | Compliant | |
| 9.11.6 | Annual Report contains a report of the Nominations and Governance Committee signed by its Chairperson | Compliant | Report of the Nominations & Governance Committee page on 24 to 25. |
| **9.12** | **Remuneration Committee** | | |
| 9.12.2 | A Remuneration Committee shall be established that conforms to the requirements | Compliant | |
| 9.12.3/<br>9.12.4 | CSE Listing requirement pertaining to remuneration of the Directors | Compliant | |
| 9.12.5 | Remuneration Committee shall have written Terms of Reference | Compliant | |

## Corporate Governance

| | CSE Rule | Status of Compliance | Details/Reference |
|---|---|---|---|
| 9.12.6 (1) | Composition of the Remuneration Committee | Compliant | Remuneration Committee Report on page no 26 to 27. |
| 9.12.6 (2) | Remuneration Committee chaired by an Independent Director | Compliant | Remuneration Committee Report on page no 26 to 27. |
| 9.12.7 | Recommendation to the Board of Directors regarding remuneration | Compliant | Remuneration Committee Report on page no 26 to 27. |
| 9.12.8 (a) | Disclosure of Chairperson and members of the Remuneration Committee in the Annual Report | Compliant | Remuneration Committee Report on page no 26 to 27. |
| 9.12.8 (b) | A statement regarding the remuneration policy | Compliant | Remuneration Committee Report on page no 26 to 27. |
| 9.12.8 (c) | Disclosure of the aggregate remuneration of the Executive and Non- Executive Directors | Compliant | Remuneration Committee Report on page no 26 to 27. |
| 9.13 | Audit Committee | Compliant | Audit Committee Report on page no 28 to 31. |
| 9.13.1 | Entities who do not maintain separate committees to perform the Audit and Risk Functions, the Audit Committee (AC) shall additionally perform the Risk Functions | Compliant | Audit Committee Report on page no 28 to 31. |
| 9.13.2 | The Audit Committee shall have written Terms of Reference | Compliant | |
| 9.13.3 | Composition of the Audit Committee | Compliant | |
| (1) | Composition of the Independent Directors of the Audit Committee | Compliant | |
| (2) | Quorum comprising majority of Independent Directors | Compliant | |
| (3) | Minimum number of meetings and quarterly meetings prior to releasing the quarterly Financial Statements. | Compliant | |
| (4) | An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors. | Compliant | |
| (5) | Attendance of CEO and CFO at the Audit Committee meetings by invitation | Compliant | |
| (6) | The Chairperson of the AC shall be a Member of a recognised professional accounting body | Compliant | |

# Corporate Governance

| | CSE Rule | Status of Compliance | Details/Reference |
|---|---|---|---|
| 9.13.4 | Functions of the Audit Committee | | |
| 9.13.4 (1) | Functions of the Audit Committee as set out in CSE Listing Rules | Compliant | Audit Committee Report on page no 28 to 31. |
| 9.13.5 | Disclosures (AC) in the Annual Report | | |
| | Disclosure of stipulated information in the Audit Committee Report included in the Annual Report | Compliant | Audit Committee Report on page no 28 to 31. |
| **9.14** | **Related Party Transaction Review Committee (RPTRC)** | | |
| 9.14.1 | Listed Entities shall have a Related Party Transactions Review Committee | Compliant | |
| 9.14.2 | Composition of RPTRC | | |
| (1) | Composition of the Independent Directors and Chairperson being Independent | Compliant | |
| (2) | If both parent & subsidiary are Listed Entities, the RPTRC of the parent company may function as the RPTRC of the subsidiary | N/A | |
| 9.14.3 | Functions of RPTRC | | |
| | Functions of the RPTRC as set out in the CSE Listing Rules | Compliant | |
| 9.14.4 | General Requirements of RPTRC | | |
| (1) | General requirement stipulated in CSE Listing Rules (1) to (4 | Compliant | |
| 9.14.5 | Review of RPTs by the RPTRC | | |
| | Requirement pertaining to review of related party transactions by RPTRC set out by CSE Listing Rules | Compliant | |
| 9.14.6 | Shareholder Approval | | |
| | Requirement pertaining to shareholder approval set out by CSE Listing Rules | Compliant | |
| 9.14.7 | Immediate Disclosures | | |

## Corporate Governance

| | CSE Rule | Status of Compliance | Details/Reference |
|---|---|---|---|
| | Immediate market announcement to the Exchange as set out by CSE Listing Rules | Compliant | |
| 9.14.8 | Disclosures in the Annual Report | | |
| (1),(2) | Disclosure of RPTs details in the Annual Report | Compliant | Notes to the Financial Statements Note No 27. |
| (3) | Related Party Transactions Review Committee Report in the Annual Report | Compliant | RPTR Committee Report page no 32 to 33. |
| (4) | A declaration by the Board of Directors in the Annual Report confirming that RPT Rules are complied with. | Compliant | RPTR Committee Report page no 32 to 33. |
| 9.14.9 | Shareholder approval and Competent independent advice on acquisition and disposal of assets from/to related parties | Compliant | No such transactions took place during the Financial year |
| **9.17** | **Additional Disclosures** | | |
| | Additional disclosures by the Board of Directors in the Annual Report | Compliant | Statement of Directors Responsibility page no 11 to 12. |

# Report of the Senior Independent Director

This report is presented in compliance with the requirement set out in Section 9.6.3 (e) of the revised Listing Rules on Corporate Governance of the Colombo Stock Exchange which came into effect on 01 October 2023.

The requirement of appointing a "Senior Independent Director to Paragon Ceylon PLC is in accordance with Section 9.6.3 (a) iii of the revised Listing Rules on Corporate Governance of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

**Role and Responsibilities of Senior Independent Director**
In terms of the role and responsibilities of the Senior Independent Director (hereinafter referred to as SID), his/her principal and most critical role is to support the Chairman in effectively discharging his duties, ensuring fairness to all stakeholders in every decision-making process by:

i. Serving as a sounding board for the Chair and other directors, especially where the roles of Chair and Managing Director are combined, providing a balanced, unbiased viewpoint in situations where conflicts of interest may arise or potentially arise. The SID also provides alternative view-points and fresh perspectives leading to better decision-making.

ii. Serving as an intermediary for the other directors and shareholders ensuring clear communication between them and the Chair in all situations. The SID ensures that other directors, particularly Non- executive independent directors are not intimidated by the role of the Chair in their decision-making and that they have an opportunity to speak their minds feely and without fear.

iii. Holding the Chairperson to account by acting as a check and balance on his/her actions and decisions. The SID provides appropriate challenges to Board decision-making.

iv. Bringing an element of accountability to Board decision-making.

v. Appointing and transitioning the Chairperson. The SID typically leads the process of identifying and appointing a new Chairperson at the end of their tenure or when they step down or when it is in the best interests of the company for them to step down. It is the SID's responsibility to listen to the Board and the shareholders and judge if the chair is no longer acting in the best interests of the company. It may also be necessary for the SID to step up to act as interim Chair in circumstances that warrant it, for instance sudden illness.

vi. Mediating conflict at times of crisis for the company to ensure that decision -making is geared towards benefitting all stakeholders.

vii. Leading on crisis communication. In times of crisis, especially if the situation means that the Chairperson is no longer playing his/her role, the SID acts as a mouthpiece for the rest of the board. This includes communications to shareholders and to the public.

viii. Managing the communication channel between shareholders and the company. Listening to feedback from shareholders is vital and critical. This allows for proper corporate governance.

ix. Setting standards and being the 'moral voice' of the board. The SID is the conscience of the board ensuring that the board upholds corporate governance standards, abides by all applicable laws and regulations and ethical codes of conduct as well as sound business practices. The SID ensures that decisions taken consider not just the short term profit-making objectives of the company but the broader environmental, social and governance agenda of the company.

## Report of the Senior Independent Director

In accordance with the roles and responsibilities of the SID a meeting was held among the Independent Non-executive directors on the 12th of February 2026 to assess the performance of the Chairperson and the Board. The findings and conclusions drawn from such deliberations were conveyed to the Board.

The SID is satisfied that the Chairperson of the Board while also being the CEO has acted at all times in the best interests of all stake-holders particularly minority stake-holders. I am also assured that the company has abided by all relevant regulations, codes of ethical business conduct as well as wider environmental, social and governance criteria when conducting its operations

To protect the interests of the SID and ensure that he/she can carry out his/her duties effectively, in instances of conflict of interest between the combined positions of Chairperson and Chief Executive Officer the Senior Independent Director will possess the casting vote on any resolution before the Board and his vote will be final.

My role is to ensure requisite governance standards are complied with while providing necessary assistance to the Chairman of the Board through discussion and communication between Executive, Non-executive and Independent Directors of the Company in addressing matters relevant to the Board as a whole to enhance the overall effectiveness of the Board.

**M Riyad Y Riffai**
Senior Independent Director

24th August 2026

# Report of the Nominations and Governance Committee

The Board of Directors established the Nominations and Governance Committee in April 2024 in line with the Listing Rules and best practices.

**Policy Framework**
The policy framework for the functioning of the Nominations and Governance Committee of the Company is set out in the Company Policies.

**Composition**
The Committee comprises three Independent Non-Executive Directors. The composition of the Committee complies with the requirements of the Corporate Governance Rules of the CSE. The composition is as follows:

| Name | Description of Directorship | Date of Appointment To Committee |
|---|---|---|
| Mr. Joe Rohan Jeremy Gomez - Chairman | Independent Non-Executive | 30th October 2024 |
| Ms. D. T. De Alwis - Member | Independent Non-Executive | 30th October 2024 |
| Mr. M. R. Y. Riffai - Member | Independent Non-Executive | 30th October 2024 |

**Scope**
The scope of the Nominations and Governance Committee would be to review all appointments to the Board of the company.

**Key Functions of the Committee**
1. Ensuring diversity in terms of experience, skills and age to support effective Board performance and effectiveness of the company as well as the Key Management Personnel.
2. Reviewing and recommending appointments to the Board of the company whenever necessary.
3. Evaluating and recommending suitable internal and external candidates to higher levels of management.
4. Evaluating the eligibility of the Directors who have offered themselves for re-appointment and re- election to the Board considering the performance and contribution made by the Director concerned towards the overall discharge of the Board's responsibilities and making necessary recommendations to the Board.
5. Evaluating the combination of varied skills, knowledge and experience of the Directors of the Company.
6. Ascertaining the competencies of Directors are adequate to meet the required strategic demands of the company.

**Board Tenure, Retirement, and Re- election**
One-third of the Directors retire by rotation at each Annual General Meeting and are eligible for re-election. Directors retiring by rotation are those who have served the longest period since their appointment or last re-election. Additionally, any Director appointed during the year is required to stand for election by shareholders at the next Annual General Meeting. Such Directors shall not be considered in determining the number of Directors who retire by rotation at the ensuing AGM.

Details of appointments, retirement, re- election, and re-appointment of Directors are communicated to shareholders through immediate market disclosures and are also disclosed in the Annual Report.

**Retirement by Rotation**
Mr. M. R. Y. Riffai, retires by rotation in terms of Article 84 of the Articles of Association, as a Director of the Company.

## Report of the Nominations and Governance Committee

Committee Assessment
The Nominations and Governance Committee met in 2026 to review the re-appointment of Mr M.R.Y Riffai to the Board and to evaluate the performance of the Board and the CEO.

| Name | Date of First Appointment As Director | Date of Last Re-appointment as Director | Board Committees Served On |
|---|---|---|---|
| M.R.Y Riffai | 1st December 2023 | - | Nominations & Governance Committee |
| | | | Audit Committee |
| | | | Remuneration Committee |
| | | | Related Party Transaction Review Committee |

**Board Independence**
The Nominations and Governance Committee has determined that the Independent Non- executive directors continue to meet the criterion that determines Independence.

The Committee has satisfied itself that Paragon Ceylon PLC continues to meet the Corporate Governance requirements stipulated under the CSE Listing Rules. Any deviations from the same have been noted in the Annual Report.

The Committee annually reviews the independence of Non-Executive Directors in accordance with the criteria prescribed by the Listing Rules. All Independent Non-Executive Directors have submitted written confirmations of their independence, and the Committee is satisfied that they continue to meet the applicable independence criteria. The Board's composition during the year remained compliant with the independence requirements prescribed by the Listing Rules.

**Meetings**
The Committee meets at least once annually and additionally as required to discharge its responsibilities effectively.

Details of the participation of the members of the Nominations and Governance committee at such meetings is set out below..

| Name | Meetings Held | Meetings Attended |
|---|---|---|
| Mr. Joe Rohan Jeremy Gomez - Chairman | 1 | 1 |
| Ms. D. T. De Alwis | 1 | 1 |
| Mr. M. R. Y. Riffai | 1 | 0 |

**Joe Rohan Jeremy Gomez**
Chairman - Nominations and Governance Committee
Colombo,

24th August 2026

# Report of the Remuneration Committee

The Remuneration Committee of Paragon Ceylon PLC is appointed by the Board of Directors of the Company and reports directly to the Board.

**Remuneration Policy**

As is well known, Human Resources in Companies is a vital cog in the wheel to successfully carry out its business activities in a fair and equitable manner in the interest of its shareholders, employees, and other stakeholders and in all instances, within the laws of the country to enhance / add shareholder value for the benefit of its respective stakeholders. Executive Directors and Senior Management are pivotal drivers and there is a need to ensure that such employees are adequately and fairly compensated in line with market conditions applicable to the respective sectors.

**Framework**

The policy framework for the functioning of the Remuneration Committee of the Company is set out in the Company Policies.

**Composition**

The Composition of the Remuneration Committees is in accordance with the rules on Corporate Governance of the Securities & Exchange Commission of Sri Lanka, the Colombo Stock Exchange and the respective company's Articles.

The composition of the Remuneration Committee of Paragon Ceylon PLC is now as follows:

| Name | Description of Directorship |
|---|---|
| Mr. Joe Rohan Jeremy Gomez - Chairman | Independent Non-Executive |
| Ms. D. T. De Alwis - Member | Independent Non-Executive |
| Mr. M. R. Y. Riffai - Member | Independent Non-Executive |

A Committee Member Shall functions as the Secretary to the Committee.

**Scope**

- The Remuneration Committee shall recommend the remuneration payable to –
- Chief Executive Officer and / or equivalent position
- Executive Directors, and,
- Senior Management/Executives, to the board of the company which will make the final determination upon consideration of such recommendations.
- Detailed procedures are set out in the Company Policies in respect of all revisions in remuneration payable.
- The Remuneration Committee shall also recommend the variable incentives/or bonuses within the parameters set out in the Company policies.
- The Board of the respective Company may decide that the Remuneration Committee should include the review of emoluments of other levels of employees as well. The procedures for such revision of emoluments are also specified in the Company policies.
- Once in three years, the company may commission an independent party to study and report on the emoluments of the CEO, Executive Directors, and may include other levels also in the review as applicable to the relevant sectors. The said Report will be discussed by the Committee for guidance in making the required assessments.

# Report of the Remuneration Committee

**Disclosures**
The aggregate details of the Directors’ remuneration are given in Note 7.1 to the financial statements.

**Meetings**
The Remuneration Committee shall meet on a needs basis and meets at least once a year.

Details of the participation of the members of the audit committee at such meetings is set out below

**Board Independence**
The Nominations and Governance Committee has determined that the Independent Non- executive directors continue to meet the criterion that determines Independence.

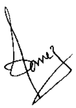
The Committee has satisfied itself that Paragon Ceylon PLC continues to meet the Corporate Governance requirements stipulated under the CSE Listing Rules. Any deviations from the same have been noted in the Annual Report.

The Committee annually reviews the independence of Non-Executive Directors in accordance with the criteria prescribed by the Listing Rules. All Independent Non-Executive Directors have submitted written confirmations of their independence, and the Committee is satisfied that they continue to meet the applicable independence criteria. The Board's composition during the year remained compliant with the independence requirements prescribed by the Listing Rules.

**Meetings**
The Committee meets at least once annually and additionally as required to discharge its responsibilities effectively.

Details of the participation of the members of the Nominations and Governance committee at such meetings is set out below.

| Name | Meetings Held | Meetings Attended |
|---|---|---|
| Mr. Joe Rohan Jeremy Gomez - Chairman | 1 | 1 |
| Ms. D. T. De Alwis | 1 | 1 |
| Mr. M. R. Y. Riffai | 1 | 1 |



**Joe Rohan Jeremy Gomez**
Chairman
Remuneration Committee
Colombo,

24th August 2026

# Report of the Audit Committee

The Audit Committee of Paragon Ceylon PLC is appointed by the Board of Directors of the Company and covers both audit and risk functions. The Audit Committee functions within, the overall governance process established, by the Board of Directors of the Company and assists the Board in effectively discharging its responsibilities. The Committee reports directly to the Board.

**Policy Framework**
The policy framework for the functioning of the Audit Committee of the Company is set out in the Company Policies. A formal Audit Charter has been drawn up encompassing the scope, roles and responsibilities of the Audit Committee and may be found under Company Policies on the Company website.

**Composition**
The Composition of the Audit Committee is in accordance with the rules on Corporate Governance of the Securities & Exchange Commission of Sri Lanka, the Colombo Stock Exchange, and the respective company's Articles.

The composition of the Audit Committee of Paragon Ceylon PLC is as follows:

| Name | Description of Directorship |
|---|---|
| Mr. Joe Rohan Jeremy Gomez – Chairman | Independent Non-Executive |
| Ms. D. T. De Alwis | Independent Non-Executive |
| Mr. M. R. Y. Riffai | Independent Non-Executive |

The Chairman / Managing Director, Executive Director and Head of Finance of the Company attend Audit Committee meetings by invitation. A Committee Member functions as the Secretary to the Committee.

**Scope**
The Functions of the Audit Committee, as set out in the Company Policies, include the following -

- Oversight of the preparation, presentation, and adequacy of disclosures in the financial statements of the listed company, in accordance with Sri Lanka Accounting Standards.
- Oversight of the Company's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.
- Oversight over the processes to ensure that the Company's internal controls and risk management are adequate, to meet the requirements of the Sri Lanka Auditing Standards.
- Assessment of the independence and performance of the Company's external auditors.
- To make recommendations to the Board pertaining to appointment, re-appointment, and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.
- Review the management of risk factors affecting the Company.

The Audit Committee obtains assurance of the ongoing operations and finances of the Company from the Executive Directors and the Chief Financial Officer when considering the quarterly and annual financial statements for recommendation to the Board.

**Meetings**
In terms of the Company Policy, the Audit Committee should meet at least four times a year of which the Company Auditors will attend at least one of such meetings. Unless otherwise determined by the audit committee, the Managing Director and the chief financial officer of the listed company shall attend audit committee meetings by invitation.

# Report of the Audit Committee

The Audit Committee of Paragon Ceylon PLC met four times during the year, once per calendar quarter.

Details of the participation of the members of the audit committee at such meetings is set out below.

| Name | Meetings Held | Meetings Attended |
|---|---|---|
| Mr. Joe Rohan Jeremy Gomez - Chairman | 4 | 4 |
| Ms. D. T. De Alwis | 4 | 4 |
| Mr. M. R. Y. Riffai | 4 | 4 |

**Financial Statements**
Four quarterly financial statements as well as the annual financial statements were circulated, reviewed and recommended to the Board for approval during the year. Conformity of the financial statements with all applicable Sri Lanka Accounting Standards, the Companies Act of 2007, Listing Rules of the Colombo Stock Exchange, the Securities and Exchange Commission Act and other statutes, and the consistency of presentation of such statements with those of the previous quarter/ year, as the case may be, were also confirmed. Departures, if any, are appropriately disclosed.

**Internal Audit**
Although there is no separate Internal Audit team, the Audit Committee is satisfied that there are sufficient checks and balances built into the financial and accounting system to provide internal audit assurance. New checks and balances are incorporated into the system on the recommendation of the external auditors and the observations made by Executive Directors and the Chief Financial Officer

**Risk Assessment**
Risks are internal or external events that can negatively impact the realization of short-term objectives or the implementation of long-term strategies. They can also emerge from missed or poorly exploited opportunities. The risk management process encompasses anticipating, identifying, managing, and mitigating internal and external risks and opportunities to ensure both short and long-term economic, environmental and social sustainability of Paragon Ceylon PLC.

**Consistent risk monitoring**
The Managing Director is responsible for overseeing the implementation and effectiveness of risk management in each sector. He ensures that the risk management system as a whole is operational and that the standards and processes remain current. The significant internal and external risks faced by Paragon Ceylon PLC along with the mitigating factors are described below.

1. **Business risk**
   The business risks constantly change in nature and complexity in the operating environment of the Company. The Company's businesses are subject to a variety of risks, including laws and regulations, market conditions and competitive landscape, which require constant monitoring and evaluation by the management. Paragon Ceylon PLC carefully evaluates all risks pertaining to high value investments of the Company both in existing operating sectors and new areas (if any).

2. **Reputational risk**
   Failure to protect the Company's reputation could lead to a loss of trust and confidence among stakeholders. We recognise the commercial imperative to safeguard the interests of all our stakeholders. We therefore endeavour to engage with them to take into account their views in developing long term strategies.

# Report of the Audit Committee

3. **Funding and liquidity**
The Company finances its operations through a combination of retained earnings, and long term and short term banking facilities. Effective management of cash flow is a key component of maintaining strong funding and liquidity positions. Adequate funding arrangements are available to meet investments and contingencies that may occur in the ordinary course of business. Further, the strong relationships maintained with Banks enable company to raise funds at competitive rates as and when required.

4. **Credit risk**
Credit risk is the risk due to uncertainty in the counterparty's ability to meet its financial obligations. The Company's Credit risk primarily arises from deposits with banks as well as credit exposure to customers including outstanding receivables. Strict credit control procedures are adopted in order to assess the credit quality of present and potential customers with further mitigating measures undertaken to reduce risk. The utilisation of credit limits is regularly monitored.

5. **Interest rate risk**
Except in the case of investment of surplus funds, the Company's income and operating cash inflows are substantially independent of changes in market interest rates. The Company's interest rate risk arises from long and short term borrowings at variable rates linked to market conditions. Such arrangements, while being advantageous at present exposes the Company to interest rate fluctuations. The Company monitors its interest rate exposure on a dynamic basis.

6. **Exchange rate risk**
Exposure to Exchange Rate risk is minimal. Revenue streams are also largely independent of Exchange Rate fluctuations except in the case of raw material imports.

7. **Product safety**
The safety and quality of our products is of paramount importance to the Company as well as being essential for maintaining customer trust and confidence. A breach in confidence could adversely affect the size of our customer base and financial results. We have detailed and established procedures for ensuring product integrity and quality at all times. We work in partnership with suppliers to ensure mutual understanding of the standards required.

8. **Health and safety risks**
Provision of adequate safety to our staff and customers is of the utmost importance to us. Injury or loss of life cannot be measured in financial terms. We operate stringent health and safety processes in line with best practice in our manufacturing facility and offices, which also ensure that safety practices are inculcated in all employees. Such procedures are monitored regularly.

9. **Regulatory and political environment**
As a Company predominantly operating within Sri Lanka our business is affected by the regulatory and political framework within the country. The effect of such an environment outside Sri Lanka could affect the Company to the extent that it affects the entire local economy. We consider these uncertainties in the local and overseas economies when developing strategies and reviewing performance. We remain vigilant to future changes.

10. **Legal issues**
Full provision is made for all legal liabilities that are expected to result in any material loss to the Company. All contingent liabilities have been disclosed in the financial statements.

11. **Retirement benefit obligations**
The retirement benefit obligations are computed based on actuarial assumptions. The management takes all required steps to ensure that such assumptions are accurate and corresponds to past results and current trends. However, any significant discrepancies between actuarial assumptions and actual conditions may have some impact on future results. The management considers the possibility of such impact as very low.

# Report of the Audit Committee

**12. Risk of natural disasters**
Natural disasters such as earthquakes, storms, and floods, as well as accidents, acts of terror, infection and other factors beyond the control of the Company and could adversely affect the Company's business operation. Insurance covers are obtained against all identified risks and natural disasters affecting the assets of the Company and operational matters.

**13. Competition**
Most sectors of the Company face very competitive business environments. The management regularly reviews the competitor environment in order to develop appropriate counter strategies. Due to the widespread nature of operations, Company's sales are not dependent on a single or small group of customers.

**14. Information systems and cyber security**
The Company is heavily reliant on computerised operational and financial systems to ensure efficiency of operations and financial reporting. These systems and the associated controls are regularly monitored and reviewed. Measures have been put in place to protect the Company against factors such as natural disasters, accidents, data losses, computer viruses and unauthorised access.

**15. Supply chain**
Raw material and finished goods for re-sale are sourced from third-party suppliers, contract manufacturers and primary producers exposes the Company to market volatility and availability.

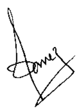
**Conclusion**
Based on its work, the Audit Committee is of the opinion that the control procedures and environment within the Company provide reasonable assurance regarding the monitoring of the operations, accuracy of the financial statements, safeguarding of the assets of the Company, and risk profiling and initiatives taken towards mitigating same.

**Audit and Auditors' Independence**
The Audit Committee assessed the independence and performance of the Company's external auditors and made recommendations to the Board pertaining to their re-appointment. The Audit Committee also reviewed the audit fees for the Company and approved the remuneration and terms of engagement of the external auditors and made recommendations to the Board. When doing so, the Audit Committee reviewed the type and quantum of non-audit services (if any) provided by the external auditors to the Company to ensure that their independence as Auditors has not been impaired.

The Audit Committee obtains a statement from Messrs. Bakertilly Edirisinghe & Company confirming independence as required by Section 163 (3) of the Companies Act No. 07 of 2007 on the audit of the

Statement of Financial Position and the related Statements of Income, Changes in Equity, and Cash Flows of the Company and the Group.

The Audit Committee has recommended to the Board of Directors that M/s. Bakertilly Edirisinghe & Company be reappointed as Auditors of the Company for the year ending 31st March 2027.



**Joe Rohan Jeremy Gomez**
Chairman - Audit Committee
Colombo,

24th August 2026

# Report of the Related Party Transactions Review Committee

The Related Party Transactions Review (RPTR) Committee of Paragon Ceylon PLC is appointed by the Board of Directors of the Company. The RPTR Committee, functions within the overall governance process established by the Board of Directors of the Company and, assists the Board in effectively discharging its responsibilities. The Committee reports directly to the Board.

**Framework**

The policy framework for the functioning of the RPTR Committee of the Company is set out in the Policies adopted.

**Composition**

The Composition of the RPTR Committees must be in accordance with the, listing rules of the Colombo Stock Exchange and the respective company's Articles, as appropriate.

The composition of the RPTR Committee of Paragon Ceylon PLC is as follows:

| Name | Description of Directorship |
|---|---|
| Mr. Joe Rohan Jeremy Gomez - Chairman | Independent Non-Executive |
| Ms. D. T. De Alwis | Independent Non-Executive |
| Mr. M. R. Y. Riffai | Independent Non-Executive |

in accordance with the Listing Rules of the Colombo Stock Exchange. The Chairman / Managing Director and Executive Director attend RPTR Committee meetings as and when requested by the Committee. A member of the committee functions as the Secretary to the Committee.

**Scope**

The Functions of the RPTR Committee, as set out in the Group Policies, include the following -

- Developing and recommending for adoption by the Board of Directors of the Company, a related party transactions policy consistent with that proposed by the listing rules.
- Reviewing and updating the control procedures in place to ensure that all recurrent and non-recurrent related party transactions are identified, adequately captured and reported in a timely manner in accordance with the applicable rules.
- Establishing procedures to ensure that related party transactions that are captured within the system are reviewed in a systematic manner and certified by key management personnel with appropriate level of authority.
- Reviewing all related party transactions as reported by the management for compliance with the RPT code.
- Ensuring that appropriate disclosures are made as applicable to the CSE (where immediate market disclosures are required) and in the Annual Report.

As per the applicable procedures of the Company the RPTR Committee has obtained:

- Quarterly declarations of related party transactions from Directors & Senior Management of the company on recurrent & non-recurrent transactions undertaken by them or by their close family members.
- Quarterly declarations of Directors & Senior Management of the company who have a Significant Shareholding/ownership in a Company or partnership or proprietorship
- Quarterly declarations of the Financial Officer or equivalent Position in the Company on Recurrent and/or Non- Recurrent transactions
- Likewise, procedures are also in place for the assessment of the need to obtain shareholder approval for specified transactions and to inform the SEC/CSE on the applicable Non-Recurrent transactions.

## Report of the Related Party Transactions Review Committee

The RPTR Committee receives and reviews details of all related party transactions from the Chief Financial Officer of the company and disposes of the same in accordance with the mandate set out above.

With regard to non-recurrent transactions, if any, the Committee is empowered to seek independent expert advice on valuation or any other related matter that the committee deems to be significant.

**Meetings**
In terms of the listing rules of the Colombo Stock Exchange, the RPTR Committee should meet at least four times a year. Unless otherwise determined by the RPTR Committee the Chairman / Managing Director and the Chief Financial Officer of the listed company shall attend RPTR committee meetings. The RPTR Committee of Paragon Ceylon PLC met four times during the year, once per calendar quarter.

Details of the participation of the members of the RPTR committee at such meeting is set out below.

| Name | Meetings Held | Meetings Attended |
|---|---|---|
| Mr. Joe Rohan Jeremy Gomez - Chairman | 4 | 4 |
| Ms. D. T. De Alwis | 4 | 4 |
| Mr. M. R. Y. Riffai | 4 | 4 |

**Conclusion**
Based on its work, the Related Party Transactions Review Committee confirms that there were no non-recurrent transactions with related parties during the year. It also noted that in respect of recurrent transactions, the transactions have been carried out in the ordinary course of business at "arm's length" basis as required by Paragraph 23 of LKAS 24 “ Related Party Disclosures”. There were no changes to terms or practices followed over the previous year and general terms and conditions applicable to such transactions with Related Parties are similar to those entered into with non-related parties taking into account, if any, due consideration of factors such as volume, cost and any other special benefits which form part and parcel of such transactions. The observations of the Committee have been communicated to the Board of Directors, and the Board in turn has made a declaration to the effect that the Company has complied with the requirements of the Rules pertaining to Related Party Transactions as contained in Section 9 of the listing rules of the Colombo Stock Exchange.

The details of the recurrent transactions entered into with Related Parties are disclosed in the Notes to the Financial Statements found on pages 61 and 62.

**Joe Rohan Jeremy Gomez**
Chairman - RPTR Committee
Colombo,

24th August 2026

# Auditors' Report

bakertilly

Edirisinghe & Co.
Chartered Accountants
45, Braybrooke Street
Colombo 02
Sri Lanka

T: +94 11 7374444
E: info@bakertilly.lk
W: www.bakertilly.lk

**Independent Auditor's Report**
**To The Shareholders of Paragon Ceylon Plc**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Paragon Ceylon PLC ("the Company"), which comprise the Statement of financial position as at March 31, 2026, and the Statement of profit or loss and other comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information. In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at March 31, 2026, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards ("SLAuS"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountant issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. The other information comprises the supplementary information included but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

# Auditors' Report

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Management and those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SLAuS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional scepticism throughout the audit. We are also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

## Auditors' Report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2256.

**Edirisinghe & Co.,**
**Chartered Accountants**
**Colombo**

24th August 2026

# Statement of Profit or Loss and Other Comprehensive Income

| For the Financial Year Ended 31st March | Note | 2026 Rs. | 2025 Rs. |
|---|---|---|---|
| Revenue | 05 | **11,150,121** | 19,456,338 |
| Cost of sales | | **(9,457,571)** | (15,269,817) |
| **Gross profit** | | **1,692,550** | 4,186,521 |
| Other operating income | 06 | **804,696** | 606,527 |
| Administration expenses | | **(4,599,394)** | (4,956,166) |
| Distribution expenses | | **(28,050)** | (331,133) |
| **(Loss) from operations** | 07 | **(2,130,198)** | (494,252) |
| Finance income | 08.1 | **179,164** | 39,999 |
| Finance costs | 08.2 | **(49,203)** | (29,160) |
| Share of profit/(loss) from associate company | 09 | **-** | (112,550) |
| **(Loss) before income tax** | | **(2,000,237)** | (595,962) |
| Income tax expenses | 10 | **-** | - |
| **(Loss)/profit for the year** | | **(2,000,237)** | (595,962) |
| **Other comprehensive income/(expenses)** | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Fair value gain/(loss) on investment in equity instruments at fair value through OCI | | **30,870** | 7,245 |
| Fair value gain/(loss) on investment in associate | | **(272,741)** | - |
| Share of other comprehensive income/(expense) of associate | 09 | **-** | 24,327 |
| **Other comprehensive income/(expense) for the year, net of tax** | | **(241,871)** | 31,572 |
| **Total comprehensive income /(expenses) for the year** | | **(2,242,108)** | (564,390) |
| **Basic earnings/(loss) per share (Rs. Cts.)** | 11 | **(2.00)** | (0.60) |

*All values are stated in Sri Lankan Rupees, unless otherwise stated. Figures in brackets indicate deductions.*
*The material accounting policies and notes to the accounts form an integral part of these financial statements.*

Paragon Ceylon PLC

# Statement of Financial Position

| AS AT 31 MARCH | Note | 31.03.2026 Rs. | 31.03.2025 Rs. |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Investment property | 12 | **-** | - |
| Investment in associate | 13 | **524,116** | 796,857 |
| Financial assets at fair value through OCI | 14 | **110,565** | 79,695 |
| Deferred tax asset | 15 | **-** | - |
| | | **634,681** | 876,552 |
| **Current assets** | | | |
| Inventory | 16 | **565,920** | 659,161 |
| Trade and other receivables | 17 | **2,955,257** | 3,615,040 |
| Income tax refund | 18 | **49,759** | 45,861 |
| Dues from related companies | 19 | **1,892,391** | 1,625,814 |
| Investment in fixed deposit | 20 | **500,000** | 500,000 |
| Cash and cash equivalents | 21 | **110,134** | 109,930 |
| | | **6,073,461** | 6,555,807 |
| **Total assets** | | **6,708,142** | 7,432,358 |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Stated capital | 22 | **1,000,280** | 1,000,280 |
| Fair value reserves | 23 | **(103,098)** | 138,773 |
| Retained earnings | | **614,141** | 2,614,378 |
| | | **1,511,323** | 3,753,431 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 24 | **4,534,771** | 3,258,325 |
| Dues to related companies | 25 | **214,000** | 160,000 |
| Bank overdrafts | 26 | **448,048** | 260,603 |
| | | **5,196,819** | 3,678,928 |
| **Total equity and liabilities** | | **6,708,142** | 7,432,358 |

These financial statements are prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

**M. S. A. Kariapper**
Head of Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board of Directors, on 24th August 2026

**L. I. Ratnasabapathy**
Director

**A. M. De Alwis**
Director

All values are stated in Sri Lankan Rupees, unless otherwise stated. Figures in brackets indicate deductions.

The material accounting policies and notes to the accounts form an integral part of these financial statements.

# Statement of Changes in Equity

**For the year ended 31 March 2026**

| | Stated capital Rs. | Retained earnings Rs. | Fair value reserve Rs. | Total Rs. |
|---|---|---|---|---|
| **For the year ended 31 March 2025** | | | | |
| **Balance as at 01 April 2024** | 1,000,280 | 3,186,013 | 131,528 | 4,317,821 |
| Profit/ (loss) for the year | - | (595,962) | - | (595,962) |
| Other comprehensive income/(expense) for the year | - | 24,327 | 7,245 | 31,572 |
| **Balance as at 31 March 2025** | **1,000,280** | **2,614,378** | **138,773** | **3,753,431** |
| **For the year ended 31 March 2026** | | | | |
| Balance as at 01 April 2025 | 1,000,280 | 2,614,378 | 138,773 | 3,753,431 |
| Profit/ (loss) for the year | - | (2,000,237) | - | (2,000,237) |
| Other comprehensive income/(expense) for the year | - | - | (241,871) | (241,871) |
| **Balance as at 31 March 2026** | **1,000,280** | **614,141** | **(103,098)** | **1,511,323** |

*All values are stated in Sri Lankan Rupees, unless otherwise stated. Figures in brackets indicate deductions.*

*The material accounting policies and notes to the accounts form an integral part of these financial statements.*

# Statement of Cash Flows

| For the Financial Year Ended 31ST March | Note | 2026<br>Rs. | 2025<br>Rs. |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit/(loss) before income tax | | **(2,000,237)** | (595,962) |
| Adjustment for : | | | |
| Interest income | 08.1 | **(179,164)** | (39,999) |
| Interest expenses | 08.2 | **49,203** | 29,160 |
| Share of associate company's profit before tax | 09.1 | **-** | 112,550 |
| **Operating (loss)/profit before working capital change** | | **(2,130,198)** | (494,252) |
| **Working capital adjustments** | | | |
| (Increase) / decrease in inventories | 16 | **93,243** | (390,173) |
| (Increase) / decrease in trade and other receivables | 17 | **659,783** | (1,512,529) |
| (Increase)/decrease in trade and other payables | 24 | **1,276,446** | 1,525,524 |
| (Decrease)/increased in due to related parties | 25 | **(212,577)** | (294,400) |
| **Cash used in operating activities** | | **(313,303)** | (1,165,830) |
| WHT paid | 18 | **(3,898)** | (2,093) |
| Interest paid | 08.2 | **(49,203)** | (29,160) |
| **Net cash used in operating activities** | | **(366,405)** | (1,197,083) |
| **Cash flows from investing activities** | | | |
| Interest received | 08.1 | **179,164** | 39,999 |
| Investment in/(withdrawal of) fixed deposits | 20 | **-** | - |
| **Net cash generated from investing activities** | | **179,164** | 39,999 |
| Cash flows from financing activities | | | |
| **Net cash generated from financing activities** | | **-** | - |
| Net decrease in cash and cash equivalents | | **(187,241)** | (1,157,084) |
| Cash and cash equivalents at the beginning of the year | | **(150,673)** | 1,006,411 |
| **Cash and cash equivalents at the end of the year** | Note 21.1 | **(337,914)** | (150,673) |

*All values are stated in Sri Lankan Rupees, unless otherwise stated. Figures in brackets indicate deductions.*

*The material accounting policies and notes to the accounts form an integral part of these financial statements.*

# Significant Accounting Policies

**1.1 General**

Paragon Ceylon PLC is a public listed Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The Company's Registered Office and the principal place of business is located at No. 15 2/1, Sir Chittampalam A Gardiner Mawatha, Colombo 02.

**1.2 Principal activities and nature of operations**

During the year, the principal activities of the Company were the trading of computer stationery and printing related products.

**1.3 Basis of preparation**

**1.3.1 Statement of Compliance**

The financial statements of the company are prepared in accordance with Sri Lanka accounting standards (LKASs and SLFRSs) as issued by the institute of chartered accountants of Sri Lanka and in compliance with the requirements of the companies act No.07 of 2007.

**1.3.2 Responsibility for the financial statements**

The board of directors is responsible for the preparation and presentation of these financial statements of the company as per the provisions of the companies Act No. 07 of 2007.

**1.3.3 Approval of financial statements by the board of directors**

The Financial Statements for the year ended 31 March 2026, were authorized for issue by the board of directors on 24th August 2026.

**The financial statements include following components:**

- **The statement of profit and loss and comprehensive income**
  Providing information on the financial performance of the company for the year.
- **The statement of financial position**
  Providing information on the financial position of the company as at the year end.
- **The statement of changes in equity**
  Providing information on the movements of stated capital and reserves of the Company during the period.
- **The statement of cash flows**
  Providing information to the users, on generating cash and cash equivalents and utilization of the cash and cash equivalents.
- **Notes and material accounting policies to the financial statements**
  Comprising accounting policies and other explanatory notes.

**1.3.4 Basis of measurement**

The financial statements have been prepared on a historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting these financial statements, except for those disclosed in the following notes.

**1.3.5 Functional and presentation currency**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates. These financial statements are presented in Sri Lankan rupees, which is the company 's functional and presentation currency. All financial information presented in Sri Lankan Rupees is rounded to the nearest rupee unless otherwise stated.

**1.3.6 Going concern**

The Directors have made an assessment of the Company’s ability to continue as a going concern, and being satisfied that it has the access to the necessary resources to continue in business for the foreseeable future confirm that they do not intend either to liquidate or to cease operations. Therefore the financial statements continue to be prepared on a going concern basis.

## Significant Accounting Policies Contd...

**1.3.7 Comparative information**

The accounting policies have been consistently applied by the company with those of the previous financial year in accordance with LKAS 01 - presentation of financial statements, unless otherwise stated.

**1.3.8 Materiality and aggregation**

In compliance with LKAS 01 - presentation of financial statements, each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or functions too are presented separately, if they are material.

**1.3.9 Use of estimates and judgements**

The preparation of financial statements in conformity with SLFRSs and LKASs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although the judgements and estimates are based on management's best knowledge of the current events and actions, actual results may ultimately differ from those estimates.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

**a) Actuarial assumptions used in the computation of retirement benefit obligation**

The cost of defined benefit obligation is determined using the projected unit credit method. This involves making assumptions about discount rates, future salary increases and staff turnover.

However, it is noted that the total number of employees does not exceed 15,and the majority of employees are above the age of 55.The remaining employees below the age of 55are engaged on a casual wage basis. Accordingly, the Company does not maintain a gratuity provision fir these employees, as no present obligation is deemed to arise under LKAS 19 or the gratuity Act in respect of their services.

**b) Loss allowance on financial assets based on recoverability**

The Company reviews its trade and other receivables at each reporting date and assesses whether an allowance should be recorded in profit or loss. In particular, management's judgement is required in the estimation of the loss allowance.

**c) Recognition of deferred tax assets**

The extent to which a deferred tax asset could be recognized on unused tax losses carried forward is determined based on the expected availability of future taxable profits.

**2 Summary of material accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Financial assets**

**2.1.1 Recognition**

All financial assets are initially recognized on the trade date, i.e., the date that the company becomes a party to the contractual provisions of the instrument. This includes 'regular way trades': purchases or sales of financial assets that require delivery of assets within the time-frame generally established by regulation or convention in the market place.

## Significant Accounting Policies Contd...

**2.1.2 Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

**2.1.3 Classification and subsequent measurement**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and

- those to be measured at amortised cost. The classification of financial assets at amortized cost and measured at fair value through other comprehensive income depends on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

**2.1.4 Subsequent measurement and gains and losses**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows, represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss including impairment losses, if any.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses and impairment expenses are presented as a separate line item charged to profit or loss.

**2.1.5 De-recognition of financial assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognised when:

- The rights to receive cash flows from the asset have expired.

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement and either:

- The Company has transferred substantially all the risks and rewards of the asset or

- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred

its rights to receive cash flows from an asset or has entered into a pass–through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises the associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**2.1.6 Loss allowance of financial assets**

In relation to the impairment of financial assets, SLFRS 9 requires an expected credit loss model to be adopted. SLFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit?impaired financial asset. SLFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances. Accordingly, for trade receivables the Company has applied the simplified approach.

**2.2 Investments in associates**

Associates are those companies in which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but no control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting as per paragraph 10 of LKAS 28 since the Company cannot apply the exemptions given under paragraph 17 due to its equity being listed on Colombo Stock Exchange and are initially recognised at cost. The financial statements include the Company's share of gains and losses accounted under the equity method from the date that significant influence commences until the date that significant influence ceases. When the Company's share of losses exceeds its investment in an equity accounted investee, the carrying amount of that interest is derecognised and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

CP Group Investment (Pvt) Ltd is an associate of the Company, with the Company having an effective holding of 33% in its equity.

**2.3 Inventory**

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is accounted on a first in first out basis. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

**2.4 Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

**2.5 Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand. Cash and Bank

## Significant Accounting Policies Contd...

balances are stated at the recoverable value. Bank overdrafts and short term borrowings that are repayable on demand and forming an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

**2.6 Stated capital**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognized in equity in the period in which they're approved.

**2.7 Dividends to shareholders of the company**

Dividend distributions to the Company's shareholders is recognized as a liability in the period in which the dividends are approved by the Company's shareholders.

**2.8 Financial liabilities**

**2.8.1 Initial recognition and measurement**

The Company recognizes financial liabilities in the statement of financial position when the Company becomes a party to the contractual provisions of the financial liability.

All financial liabilities are measured subsequently at Fair Value through Profit or Loss (FVPTL) or at amortised cost using the effective interest method. The company only has financial liabilities subsequently measured at amortised cost.

**2.8.2 Financial liabilities measured subsequently at amortised cost**

Financial liabilities that are not held for trading or designated as at FVTPL are measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of the financial liability.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

**2.9 Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

**2.9.1 Retirement benefit obligation**

**a) Defined benefit plan - Gratuity**

The defined benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation at the reporting date estimated using the projected unit credit method. These benefits are not externally funded.

However, it is noted that the total number of employees does not exceed 15,and the majority of employees are above the age of 55.The remaining employees below the age of 55are engaged on a casual wage basis. Accordingly, the Company does not maintain a gratuity provision fir these employees, as no present obligation is deemed to arise under LKAS 19 or the gratuity Act in respect of their services.

## Significant Accounting Policies Contd...

**b) Defined contribution plans - EPF and ETF**

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further amounts. Obligations for contributions to a defined contribution plan are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

**2.10 Contingent liabilities and contingent assets**

The Company does not recognize a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the circumstance where there is a liability that cannot be recognized because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company. The Company does not recognize a contingent asset but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

**2.11 Taxation**

Income tax expense comprises of current and deferred tax. The income tax expense is recognized in profit or loss except to the extent that it relates to the items recognized directly in the statement of other comprehensive income or statement of changes in equity, in which case it is recognized directly in the respective statements.

**2.11.1 Current taxes**

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 as described in Note 10 and its subsequent amendments.

**2.11.2 Deferred taxation**

Deferred tax is recognized on temporary differences at the financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities generally are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carry-forward of unused tax credits or unused tax losses can be utilized. Deferred tax assets or liabilities are not recognized on temporary differences arising from the initial recognition of an asset and liability, if at the time of recognizing that asset and liability, neither affects the accounting profit nor taxable profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the year when the liability is settled or asset is realized.

## Significant Accounting Policies Contd...

### 2.12 Revenue and expenditure

#### 2.12.1 Revenue recognition

**a) Sales of goods**

Under SLFRS 15, revenue from sale of goods is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

**b) Interest**

Interest income is recognized as it accrues in profit or loss using the effective interest method.

**c) Dividends**

Dividend is recognized when the right to receive such is established, which is generally when the dividend is declared.

**d) Gains and losses**

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non current assets, including investments, are accounted for in profit or loss, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

**e) Others**

Other income is recognized on an accrual basis.

#### 2.12.2 Expenditure recognition

Expenses are recognized in profit or loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to profit or loss.

For the purpose of presentation of the statement of comprehensive income, the “function of expenses” method has been adopted, on the basis that it presents fairly the elements of the Company’s performance.

### 2.13 Finance income and costs

Finance income comprises of interest income. Interest income is recognized in profit or loss as it accrues, using the effective interest method.Finance expense comprises interest payable on all financial liabilities such as term loans, overdrafts and finance leases.

### 2.14 Statement of cash flows

The statement of cash flows has been prepared using the “indirect method” in accordance with LKAS 07 on ‘Statement of Cash Flows’. Cash and cash equivalents comprise cash in hand and cash at bank that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Interest paid is classified under operating cash flows. Dividend received and interest income is classified under cash flows from investing activities. Dividends paid are classified under cash flow from financing activities.

Bank overdraft and short term borrowings that are repayable on demand and forming an integral part of the company’s cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

### 2.15 Earnings per share (EPS)

The EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

## 3 Accounting standards

### 3.1 New accounting standards issued but not effective as at reporting date

Following amendments to Sri Lanka Accounting Standards issued, but not effective as at the reporting date have not been applied in preparing the Financial Statements. The Group plans to apply these amendments to the standards from their effective dates:

## Significant Accounting Policies Contd...

- SLFRS 18 - Presentation and Disclosure in Financial Statements

- SLFRS 19 - Subsidiaries without Public Accountability: Disclosures

**4 Financial and capital risk management**

**4.1 Financial risk management**

The Company is exposed to a range of financial risks as a result of holding financial instruments. In particular, the key financial risk categories are:

- Credit risk
- Liquidity risk
- Market risk

**4.1.1 Credit risk**

Credit risk arises from credit exposure to unsecured customers and cash and cash equivalents and deposits/investments with banks and financial institutions and when banks/financial institutions fail to discharge their contractual interest and principal on their debt obligations due to declining financial strength.

**a) Management of credit risk**

The Company manages its credit risk with different types of instruments as follows.

**b) Fixed deposits**

Deposits are placed only with reputed and established commercial banks and other licensed financial institutions.

**c) Trade and other receivable**

The Company is responsible for managing and analysing the credit risk for each of their new customers before standard payment and delivery terms and conditions are offered. The management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Sources of credit risks are identified, assessed and monitored and the company has policies to manage the risks within various subcategories. The utilization of credit limits is regularly monitored. Management does not expect any losses from non-performance by these counterparties.

The Company establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade and other receivables.

The maximum exposure to credit risk for trade and other receivables at the reporting date is Rs.2,955,257/- (31 March 2025 - Rs.3,615,040/-) which is recorded in Note 17.

The age analysis of trade receivables of Rs.423,153 (31.03.2025 - Rs. 337,216) is as follows:

| | Gross Receivables | | Loss Allowance | | Carrying Value | |
|---|---|---|---|---|---|---|
| | 31-Mar-26 | 31-Mar-25 | 31-Mar-26 | 31-Mar-25 | 31-Mar-26 | 31-Mar-25 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| **Past due:** | | | | | | |
| Past due 0-60 days | **423,153** | 337,216 | **-** | - | **423,153** | 337,216 |
| Past due 61-120 days | **-** | - | **-** | - | **-** | - |
| More than 120 days | **-** | - | **-** | - | **-** | - |
| **Total** | **423,153** | 337,216 | **-** | - | **423,153** | 337,216 |

## Significant Accounting Policies Contd...

| As at 31st March | 2026 Rs. | 2025 Rs. |
|---|---|---|
| Movement in the Loss Allowance | - | - |
| Balance at the beginning of the year | - | 54,142 |
| Loss allowance/(Reversal) during the year | - | - |
| Write-off of loss allowance | - | - |
| Balance at the end of the year | - | (54,142) |

**d) Cash and cash equivalents**

The Company held cash and cash equivalents for the year ended 31 March 2026 Rs.110,134/- (31 March 2025 - Rs. 109,930/-) which is recorded in Note 21 which represents its maximum credit exposure of these assets.

Respective credit ratings of banks in which Company cash balances held are as follows,

- Commercial Bank of Ceylon PLC - AA- (lka)

**4.1.2 - Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

**a) Management of liquidity risk**

The Company's approach to managing liquidity is to ensure, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. The Company's approach to managing its liquidity risk is as follows:

- Regularly monitoring of the company's assets and liabilities in order to forecast cash flows up to the future period.
- Monitoring the facility limits i.e. overdrafts with banks.

The table below summarizes the maturity profile of the Company's financial obligations based on contractual undiscounted payments.

| As at 31st March 2026 | On demand (Rs) | Less than 3 months (Rs) | 3 to 12 months (Rs) | 1 to 5 years (Rs) | > 5 years (Rs) | Total (Rs) |
|---|---|---|---|---|---|---|
| Trade and Other Payables | - | - | **4,534,771** | - | - | **4,534,771** |
| Bank Overdrafts | **448,048** | - | - | - | - | **448,048** |
| | **448,048** | - | **4,534,771** | - | - | **4,982,819** |

| As at 31st March 2025 | On demand (Rs) | Less than 3 months (Rs) | 3 to 12 months (Rs) | 1 to 5 years (Rs) | > 5 years (Rs) | Total (Rs) |
|---|---|---|---|---|---|---|
| Trade and Other Payables | - | - | 3,258,325 | - | - | 3,258,325 |
| Bank Overdrafts | 260,603 | - | - | - | - | 260,603 |
| | **260,603** | - | **3,258,325** | - | - | **3,518,929** |

## Significant Accounting Policies Contd...

### 4.1.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks;

- Foreign exchange risk
- Interest rate risk
- Equity price risk

### a) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. As the Company doesn't transact in foreign currency, it is not exposed to foreign exchange risk.

### b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the company's bank overdraft and fixed deposits.

### c) Equity price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

### 4.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Capital is monitored on the basis of the gearing ratio.

# Notes to the Financial Statements

| For the Financial Year Ended 31st March | | | 2026 Rs. | 2025 Rs. |
|---|---|---|---|---|
| **5.** | **Revenue** | | | |
| | Rent income | **Note 12.1** | **-** | 1,889,750 |
| | Sale of goods | | **11,150,121** | 17,566,588 |
| | | | **11,150,121** | 19,456,338 |
| **6.** | **Other Operating income** | | | |
| | Write back of trade creditor | | **-** | 161,654 |
| | Electricity reuimbursement | | **-** | 444,872 |
| | Sundry income | | **13,620** | - |
| | Other operating income | | **791,076** | - |
| | | | **804,696** | 606,527 |
| **7.** | **Profit/(loss) from operations is stated after charging all expenses including the following expenses :** | | | |
| | Employee benefit expenses | **Note 07.1** | **2,702,750** | 1,869,000 |
| | Directors' fees | | **198,000** | 148,000 |
| | Salaries and allowances | | **2,504,750** | 1,297,000 |
| | General expenses | | **688,594** | 151,495 |
| | Registration fees | | **66,840** | 51,160 |
| | Professional fees | | **56,200** | - |
| | Audit fee and expenses | | **333,109** | 236,200 |
| | Other expenses | | **7,534,772** | 16,804,261 |
| | | | **14,085,015** | 20,557,116 |
| **7.1** | **Employee benefit expenses** | | | |
| | Directors' fees | | **198,000** | 148,000 |
| | Directors' emoluments | | **-** | 100,000 |
| | Directors' travelling | | **-** | 74,000 |
| | Salaries & allowances | | **2,504,750** | 1,297,000 |
| | Incentive bonus - staff | | **-** | 250,000 |
| | | | **2,702,750** | 1,869,000 |
| **8.** | **Net finance income** | | | |
| **8.1** | **Finance income** | | | |
| | Interest income | | **179,164** | 39,999 |
| | Total finance income | | **179,164** | 39,999 |
| **8.2** | **Finance cost** | | | |
| | Interest expense | | **(49,203)** | (29,160) |
| | Total finance cost | | **(49,203)** | (29,160) |
| | Net finance income/(cost) | | **129,961** | 10,840 |

# Notes to the Financial Statements Contd...

| For the Financial Year Ended 31st March | | 2026 Rs. | 2025 Rs. |
|---|---|---|---|
| **9. SHARE OF PROFIT / (LOSS) ASSOCIATE COMPANY** | | | |
| **9.1 Share of associate company's (loss)/ profit** | | | |
| C. P. Group Investments (Pvt) Ltd ( Holding 33%) | | **(272,741)** | (112,550) |
| | | - | (112,550) |
| **9.2 Share of associate company's other comprehensive (expense)/income** | | | |
| C. P. Group Investments (Pvt) Ltd | 33 | - | 24,327 |
| | | - | 24,327 |
| **10. INCOME TAX EXPENSE** | | | |
| Current income tax expense | | | |
| Tax charge on profit for the year | **(Note 10.1)** | **-** | - |
| | | **-** | - |
| Deferred income tax expense | **(Note 15)** | **-** | - |
| | | **-** | - |

**10.1 Reconciliation between current tax expense and the product of accounting profit/(loss)**

| | 2026 Rs. | 2025 Rs. |
|---|---|---|
| Accounting profit /(loss) before income taxation | **(2,000,235)** | (595,962) |
| Aggregate disallowed items | **81,967** | 29,160 |
| Aggregate allowable expenses | **-** | (29,160) |
| Taxable profit/(loss) from ordinary activities | **(1,918,268)** | (595,961) |
| Interest income | **(179,164)** | (39,999) |
| Write back of trade creditors | **-** | (161,654) |
| Investment income | **(179,164)** | (201,654) |
| Business loss | **(2,097,432)** | (797,615) |
| Tax losses brought forward and utilized | **2,097,432** | 999,270 |
| Taxable income | **-** | - |
| Tax at 30% | **-** | - |
| Tax on profit for the year | **-** | - |

**10.2 Tax loss**

| | 2026 Rs. | 2025 Rs. |
|---|---|---|
| Tax loss at the beginning of the year | **5,892,603** | 4,893,333 |
| Taxable loss for the year | **2,097,432** | - |
| Tax loss utilized | **(5,386,700)** | 999,270 |
| Tax loss at the end of the year | **2,603,336** | 5,892,603 |

# Notes to the Financial Statements Contd...

**10.3 Application of income tax rate**

As per the Inland Revenue Act No. 24 of 2017 with subsequent amendment thereto, the company's tax rate of 30% applies to the profits of all segments, unless superseded by a subsequent amendent or act.

As per LKAS 12 and the guidance issued by the CA Sri Lanka, a country's enactment process has to be sufficiently progressed to a stage, in order for an announced tax rate to be considered as 'substantively enacted' and applied in computing the current and deferred taxes. Therefore, for an income tax rate(s) to be considered as substantively enacted for the purpose of LKAS 12, the legislative process relating to such amendment needs to be completed. Until such time, the prevailing legislated rates have to be considered for the purpose of LKAS 12 in determining as substantively enacted.

In accordance with the mentioned guideline, the Company computed income tax and deferred tax at a rate of 30% for the period ending March 31, 2026.

**11. BASIC EARNINGS / (LOSS) PER SHARE**

The basic Earnings per share is calculated by dividing the Earnings/ (Loss) for the Year attributable to Ordinary Shareholders by the Weighted Average Number of Ordinary Shares Outstanding during the Year.

| **For the Financial Year Ended 31st March** | **2026 Rs.** | **2025 Rs.** |
|---|---|---|
| Amount used as the numerator | | |
| Profit/ (loss) attributable to ordinary shareholders | **(2,000,237)** | (595,962) |
| No. of ordinary shares used as the denominator | | |
| No. of ordinary shares in issue | **1,000,280** | 1,000,280 |
| **Basic earnings/(loss) per share (Rs. cts.)** | **(2.00)** | (0.60) |

**12. INVESTMENT PROPERTY**

| | **Balance as at 31.03.2025 Rs.** | **Additions Rs.** | **Disposals Rs.** | **Balance as at 31.03.2026 Rs.** |
|---|---|---|---|---|
| **Cost** | | | | |
| **At cost** | | | | |
| Buildings | - | - | - | - |
| | - | - | - | - |
| **Accumulated depreciation** | | | | |
| Buildings | - | - | - | - |
| | - | | - | - |
| **Written down value** | | | | |
| Buildings | - | | | - |
| | - | | | - |

## Notes to the Financial Statements Contd...

The investment property of the company consists of a building situated at 20, Sir Chittampalam A Gardiner Mawatha, Colombo 2. The land on which the property has been built, has been obtained under a long lease agreement from CT Holdings PLC and the building has been rented out to related companies and one other party.

The Investment Property is fully depreciated. As the lease will end in 4 years and 9 months, the building has not been fair valued and continues to be accounted for on the cost model. However, the building was handed over to the leaseholder in October 2024.

Approximately five years ago, the building was severely damaged by a fire. Due to the structural risks identified thereafter and the extensive renovations required, the building was no longer suitable for occupation or for generating rental income. Consequently, the premises were handed over to the leaseholder, and no further rental income has been earned from the property since that date.

| | **2026 Rs.** | **2025 Rs.** |
|---|---|---|
| **12.1 Rental income derived from investment property** | | |
| Office Equipment PLC | - | 1,289,750 |
| Avora Digital Imaging (Pvt) Ltd | - | 600,000 |
| | - | 1,889,750 |

**12. 2 Direct operating expenses arising from investment property that generated rental income**

| | **2026 Rs.** | **2025 Rs.** |
|---|---|---|
| CT Holdings PLC - rent expense | - | 3,500 |
| Cost as at 01 April | - | 2,023,248 |
| Disposal of the investment property | - | (2,023,248) |
| Cost as at 31 March | - | - |
| Accumulated Depreciation as at 01 April | - | 2,023,248 |
| Disposal of the investment property | - | (2,023,248) |
| Accumulated Depreciation as at 31 March | - | - |
| Balance as at 31 March | - | - |

# Notes to the Financial Statements Contd...

## 13. Investment in associate

The company holds a 33% stake in C.P. Group Investments (Pvt) Ltd, a company incorporated in Sri Lanka whose principal activity is the provision of loans to employees of related companies. The associate is accounted for using the equity method in these financial statements.

| | Percentage of holding | No. of shares | Cost as at 31.03.2026 Rs. | Percentage of holding | No. of shares | Cost as at 31.03.2026 Rs. |
|---|---|---|---|---|---|---|
| **Associate company** | | | | | | |
| C.P. Group Investments (Pvt) Ltd | **33%** | **5,000** | **50,000** | 33% | 5,000 | 50,000 |

| As at 31 March | 2026 Rs. | 2025 Rs. |
|---|---|---|
| **C.P. Group Investments (Pvt) Ltd** | | |
| Carrying value of assets of the associate | **1,588,231** | 2,388,412 |
| Proportion of the company's ownership interest in the associate | **33%** | 33% |
| Carrying amount of the Company's interest in C.P. Group Investments (Pvt) Ltd | **524,116** | 788,176 |
| **Carrying value on equity method** | | |
| **C.P. Group Investments (Pvt) Ltd** | | |
| Net assets at the beginning of the year | **796,857** | 885,079 |
| Profit/(loss) before tax (net of tax) | **(272,741)** | (112,550) |
| Other comprehensive income(expense) for the year (net of tax) | **-** | 24,327 |
| **Net assets at the end of the year** | **524,116** | 796,857 |
| **C.P. Group Investments (Pvt) Ltd** | | |
| Income | **-** | 69,630 |
| Expenses | **(818,893)** | (392,602) |
| Profit/(Loss) before taxation | **(818,893)** | (322,972) |
| Income tax expense | **-** | - |
| **Profit/(Loss) for the period** | **(818,893)** | (322,972) |
| Other comprehensive income/(expense) | **18,712** | 29,328 |
| **Total comprehensive income/(expense) for the period** | **(800,181)** | (293,644) |
| **Assets** | | |
| Current assets | **3,036,663** | 3,197,719 |
| | **3,036,663** | 3,197,719 |
| **Liabilities** | | |
| Current liabilities | **1,448,433** | 809,307 |
| | **1,448,433** | 809,307 |

# Notes to the Financial Statements Contd...

| | | 2026 Rs. | 2025 Rs. |
|---|---|---|---|
| **14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI** | | | |
| Investment in quoted shares | Note 14.1 | **110,565** | 79,695 |
| | | **110,565** | 79,695 |

### 14.1 Investment in quoted shares

| | No. of Shares | Cost as at 31.03.2026 | Fair value as at 31.03.2026 | No. of Shares | Cost as at 31.03.2025 | Fair value as at 31.03.2025 |
|---|---|---|---|---|---|---|
| CT Land Development PLC | **3,150** | **22,050** | **110,565** | 3,150 | 22,050 | 79,695 |
| | | **22,050** | **110,565** | - | 22,050 | 79,695 |

All Investments in quoted Equity Securities are Carried at Fair Value. Market Value per Share are based on the Quoted Prices available at the Colombo Stock Exchange (Level 1).

### 15. DEFERRED TAX ASSET

Deferred tax assets arising from carried forward tax losses and have not been recognized in the financial statements as there are no convincing evidence that sufficient taxable profits will be available against which the unrecognized deferred tax assets can be utilized by the company. Further, there are no any other temporary differences between accounting and tax bases to recognize deferred tax assets or liabilities as at 31st March 2026.

| **As at 31st March** | | 2026 Rs. | 2025 Rs. |
|---|---|---|---|
| **16. INVENTORY** | | | |
| Finished goods/ trading inventory | | **677,788** | 771,029 |
| Less: Impairment allowance for slow moving inventory | **Note 16.1** | **(111,868)** | (111,868) |
| | | **565,920** | 659,161 |
| **16.1 Impairment allowance for slow moving inventory** | | | |
| Balance at the beginning of the year | | **111,868** | 111,868 |
| Provision for the year | | **-** | - |
| Balance at the end of the year | | **111,868** | 111,868 |

## Notes to the Financial Statements Contd...

| For the Financial Year Ended 31st March | | 2026 Rs. | 2025 Rs. |
|---|---|---|---|
| **17. TRADE AND OTHER RECEIVABLES** | | | |
| Trade receivable from others | | **423,153** | 337,216 |
| Trade receivable from related parties | | **1,017,212** | 1,008,712 |
| Provision for impairment | **Note 17.1** | **-** | - |
| | | **1,440,364** | 1,345,928 |
| | | **619,448** | 1,373,667 |
| WHT receivable | | **895,445** | 895,445 |
| | | **2,955,257** | 3,615,040 |
| **17.1 Provision for impairment** | | | |
| Balance at the beginning of the year | | - | 54,142 |
| Provision for impairment for the year | | - | - |
| Reversed of impairment for the year | | - | (54,142) |
| Balance at the end of the year | | - | - |

The maximum exposure to credit risk for gross trade receivables at the reporting date is Rs.1,440,364/- (2025 - Rs. 1,345,928/-).

| | Total Rs. | Neither past due nor impaired Rs. | Past due but not impaired 0-60 days Rs. | Past due but not impaired 60-120 days Rs. | Past due but not impaired above 120 days Rs. | Impaired Rs. |
|---|---|---|---|---|---|---|
| Balance as at 31 March 2026 | **1,440,364** | **-** | **423,153** | **1,017,212** | **-** | **-** |

| | Total Rs. | Neither past due nor impaired Rs. | Past due but not impaired 0-60 days Rs. | Past due but not impaired 60-120 days Rs. | Past due but not impaired above 120 days Rs. | Impaired Rs. |
|---|---|---|---|---|---|---|
| Balance as at 31 March 2025 | 1,345,928 | - | 337,216 | 1,008,712 | - | - |

The Company is responsible for managing and analysing the credit risk for each of their new customers before standard payment and delivery terms and conditions are offered. The management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Sources of credit risks are identified, assessed and monitored and the company has policies to manage the risks within various subcategories. The utilization of credit limits is regularly monitored. Management does not expect any losses from non-performance by these counterparties.

# Notes to the Financial Statements Contd...

| | As at 31st March | 2026 Rs. | 2025 Rs. |
|---|---|---|---|
| **18** | **INCOME TAX LIABILITIES/(REFUND)** | | |
| | Balance at the beginning of the year | **45,861** | 43,768 |
| | Income tax charge for the year | **-** | - |
| | | **45,861** | 43,768 |
| | Tax paid for the year | **-** | - |
| | WHT claimed | **3,898** | 2,093 |
| | Balance at the end of the year | **49,759** | 45,861 |
| **19.** | **DUE FROM RELATED COMPANIES** | | |
| | International Computers (Ceylon) Ltd | **-** | 345,000 |
| | Office Equipment PLC | **1,892,391** | 1,280,814 |
| | | **1,892,391** | 1,625,814 |
| **20.** | **OTHER CURRENT FINANCIAL ASSETS** | | |
| | Investment in fixed deposits | **500,000** | 500,000 |
| | | **500,000** | 500,000 |

The fixed deposits held at Commercial Bank PLC have been pledged as security as described in Note 28.

| | | | |
|---|---|---|---|
| **21.** | **CASH AND CASH EQUIVALENTS** | | |
| | Cash at bank | **105,134** | 104,930 |
| | Cash in hand | **5,000** | 5,000 |
| | | **110,134** | 109,930 |
| **21.1** | **Total cash and cash equivalents for the purpose of cash flow statement :** | | |
| | Cash in hand and bank | **110,134** | 109,930 |
| | Bank overdrafts | **(448,048)** | (260,603) |
| | Total cash and cash equivalents for the purpose of cash flow statement | **(337,914)** | (150,673) |

# Notes to the Financial Statements Contd...

| For the Financial Year Ended 31st March | | 2026 Rs. | 2025 Rs. |
|---|---|---|---|
| **22. STATED CAPITAL** | | | |
| 1,000,280 Ordinary shares issued and fully paid at Rs 1/= per share | **Note 22.1** | **1,000,280** | 1,000,280 |
| | | **1,000,280** | 1,000,280 |

**22.1 Largest shareholders as at 31st March 2026 as follows :**

| Name of Shareholder | 2026 No. of Shares | 2026 Value of Shares | 2025 No. of Shares | 2025 Value of Shares |
|---|---|---|---|---|
| CT Holdings PLC | **222,200** | **222,200** | 222,200 | 222,200 |
| John Tilak Ratnanather | **95,140** | **95,140** | 95,140 | 95,140 |
| Barbera Antoinette Jeyamany Ratnasabapathy | **48,860** | **48,860** | 48,860 | 48,860 |
| Anthony Jehan Chanath Ratnanather | **48,710** | **48,710** | 48,710 | 48,710 |
| Cyril Gardiner (Private) Limited | **47,520** | **47,520** | 47,520 | 47,520 |
| Sir Chittampalam A Gardiner Trust | **46,400** | **46,400** | 46,400 | 46,400 |
| P.R. Canagaratna | **45,020** | **45,020** | 45,020 | 45,020 |
| A.M.De Alwis | **44,450** | **44,450** | 44,450 | 44,450 |
| Wilfred Nicholas Selvaraj Canagaratna | - | - | 40,070 | 40,070 |
| George Iyendra Ratnanather | **35,580** | **35,580** | 35,580 | 35,580 |
| Joseph Shamindra Ratnanather | **35,570** | **35,570** | 35,570 | 35,570 |
| M.T. Stanislaus | **28,860** | **28,860** | 28,860 | 28,860 |
| W.N.S. Canagaratna | **20,035** | **20,035** | - | - |
| W.N.S. Canagaratna | **20,035** | **20,035** | - | - |
| Est. of Lat S.H.A. Gulamhusein | **18,430** | **18,430** | 18,430 | 18,430 |
| G.T.Fazleabas | **15,760** | **15,760** | 15,760 | 15,760 |
| R.M. Dissanaike | **14,050** | **14,050** | 14,050 | 14,050 |
| D.B.D.D.Danthanarayana | **12,000** | **12,000** | 12,000 | 12,000 |
| D.P.Navaratnam | **11,853** | **11,853** | 11,427 | 11,427 |
| Ceylon Printers PLC Group employees provident A.A | **10,320** | **10,320** | 10,320 | 10,320 |
| M.I.Emmanuel | **10,000** | **10,000** | 10,000 | 10,000 |
| LLR Morrow | - | - | 7,480 | 7,480 |
| | **830,793** | **830,793** | 837,847 | 837,847 |

| | 2026 Rs. | 2025 Rs. |
|---|---|---|
| **23. NOTE 23 - FAIR VALUE RESERVES** | | |
| Balance at the beginning of the year | **138,773** | 131,528 |
| Profit/ (loss) from financial assets at FVOCI | **(241,871)** | 7,245 |
| **Balance at the end of the year** | **(103,098)** | 138,773 |

The company has designated investments reflected under note 14 as financial assets at FVOCI since such investments are not held for trading purposes.

# Notes to the Financial Statements Contd...

| For the Financial Year Ended 31st March | 2026 Rs. | 2025 Rs. |
|---|---|---|
| **24. Trade and other payables** | | |
| Trade creditors | **22,000** | 699,050 |
| Expense creditors | **4,512,771** | 2,559,275 |
| | **4,534,771** | 3,258,325 |
| **25. Dues to related companies** | | |
| CP Group Investment Pvt Ltd | **160,000** | 160,000 |
| International Computers (Ceylon) Ltd | **54,000** | - |
| | **214,000** | 160,000 |
| **26. Bank overdraft** | | |
| Commercial bank of Ceylon - PLC - Current account | **448,048** | 260,603 |
| | **448,048** | 260,603 |

## 27. Related party transactions

### 27.1 Transactions with Key Management Personnel

Related parties include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the company. Key management personnel include members of the board of directors of the company.

Compensations paid to key management personnel are as follows:

| Name | Relationship | Nature of transactions | 2026 Rs. | 2025 Rs. |
|---|---|---|---|---|
| Mr.J.B.M. Ponrajah | Director | Salary,fees and reimbursements | **18,000** | 136,000 |
| Mr.P.S.R.Cassie Chitty | Director | Fees and reimbursements | - | 24,000 |
| Mrs.A.M.De Alwis | Director | Fees and reimbursements | **36,000** | 36,000 |
| Mr.L.I.Ratnasabapathy | Director | Fees and reimbursements | **36,000** | 36,000 |
| Mr.M.R.Y.Riffai | Director | Fees and reimbursements | **36,000** | 36,000 |
| Mrs.D.T.De Alwis | Director | Fees and reimbursements | **36,000** | 36,000 |
| Mr.J.R.Jeremy Gomez | Director | Fees and reimbursements | **36,000** | 18,000 |
| | | | **198,000** | 322,000 |

# Notes to the Financial Statements Contd...

## 27.2 Related party transactions

Transactions between related companies are disclosed below:

| Name of Company | Relationship | Nature of Transactions | 2026 Rs. | 2025 Rs. |
|---|---|---|---|---|
| Ceylon Printers PLC | Other related party | Rent income | - | - |
| | | Net expense | - | 193,289 |
| | | Purchase of goods | - | - |
| | | Sales of goods and services | - | - |
| | | Fund transfers | - | 865,000 |
| **Net effect of transactions during the year** | | | - | 1,058,289 |
| International Computers (Ceylon) Ltd | Other related party | Fund transfers | **(291,000)** | 345,000 |
| **Net effect of transactions during the year** | | | **(291,000)** | 345,000 |
| Kalamazoo Industries (Private) Ltd | Other related party | Expense reimbursements | - | 44,500 |
| **Net effect of transactions during the year** | | Fund transfers | - | - |
| | | | - | 44,500 |
| Office Equipment PLC | Other related party | Rent income | - | 1,289,750 |
| | | Fund transfers | **611,577** | (109,400) |
| **Net effect of transactions during the year** | | | **611,577** | 1,180,350 |
| CP Group Investment (Pvt) Ltd | Other related party | Fund transfers | - | 160,000 |
| **Net effect of transactions during the year** | | | - | 160,000 |

There have been no related party transactions other than those disclosed above to be disclosed in the financial statements.

All balances are unsecured and repayable on demand. No guarantees have been issued or received in respect of any related party balances. All balances are fully recoverable and payable in cash. Further, the transactions with the related parties are entered on pre-agreed terms.

## 28. Assets Pledged

The following assets have been pledged to Commercial Bank PLC, as securities for the facilities obtained.

| Facility | Security | Amount Rs. |
|---|---|---|
| Overdraft Facility | 1. Lien over fixed deposit in the name of Paragon Ceylon PLC. | 500,000 |
| | 2. Letter of authority and set-off. | - |

# Notes to the Financial Statements Contd...

## 29. Financial instruments - fair values and risk management

### 29.1 Accounting classification and fair value of financial instruments

The summary of significant accounting policies describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains/(losses), are recognised. Financial assets of the company include bank balances and cash, trade and other receivables, deposits and dues from related parties. Financial liabilities of the company include interest bearing loans and borrowings, trade payables and other payables.

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.

### 29.2 Analysis of financial instruments

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole;

Level 1 – Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**Determination of fair value and fair value hierarchy**

Set out below is the comparison, by classes, of the carrying amounts of fair values of the company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

| | 2026 | | 2025 | |
|---|---|---|---|---|
| | Carrying amount Rs. | Fair value Rs. | Carrying Amount Rs. | Fair value Rs. |
| **Financial assets** | | | | |
| Non-current financial assets | **110,565** | **110,565** | 79,695 | 79,695 |
| Trade and other receivables | **2,955,257** | **2,955,257** | 3,615,040 | 3,615,040 |
| Dues from related companies | **1,892,391** | **1,892,391** | 1,625,814 | 1,625,814 |
| Other current financial assets | **500,000** | **500,000** | 500,000 | 500,000 |
| Cash and cash equivalents | **110,134** | **110,134** | 109,930 | 109,930 |
| **Financial liabilities** | | | | |
| Trade and other payables | **4,534,771** | **4,534,771** | 3,258,325 | 3,258,325 |
| Bank overdrafts | **448,048** | **448,048** | 260,603 | 260,603 |
| Dues to related companies | **214,000** | **214,000** | 160,000 | 160,000 |

# Notes to the Financial Statements Contd...

## 29.3 Financial instruments - fair values and risk management (contd.)

**Fair value of financial assets and liabilities not carried at fair value**
The following describes the methodologies and assumptions used to determine the fair values for those financial instruments which are not already recorded at fair value in the financial statements.

**Assets for which fair value approximates carrying value**
For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values. This assumption is also applied to fixed deposits, certificate of deposits and savings deposits without a specific maturity.

**Fixed rate financial instruments**
Carrying amounts are considered as fair values for short term credit facilities.

**SLFRS 9 Financial instruments**

**Impairment of financial assets**
SLFRS 9 replaces the 'incurred loss' model in LKAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost. Under SLFRS 9, credit losses are recognised earlier than under LKAS 39.

The Company has determined the application of the impairment requirements of SLFRS 9 at 1 April 2018 and concluded that there is no impact.

## 30 Commitments and contingencies
There were no Commitments and Contingencies existing as at the Reporting Date.

## 31 Events occurring after the reporting date
There were no circumstances that have arisen, since the reporting date, which would require adjustments to or disclosures in the financial statements.

# Directors Interest In Contracts

The Directors of the company are also the Directors of following companies.

| Name of Company | Names of Directors |
|---|---|
| Office Equipment PLC | Mr. L. I. Ratnasabapathy<br>Ms. A. M. de Alwis<br>Mr. M.R.Y. Riffai<br>Ms. D.T. De Alwis<br>Mr. J. R. J Gomez |
| International Computers (Ceylon) Ltd | Mr. L. I. Ratnasabapathy<br>Ms. A. M. de Alwis |

# Five Year Review

| As at the year ended 31st March | **2026** | 2025 | 2024 | 2023 | 2022 |
|---|---|---|---|---|---|
| **Financial Results** | | | | | |
| Revenue | **11,150,121** | 19,456,338 | 10,520,042 | 7,404,970 | 4,540,405 |
| Results from Operations | **(2,130,198)** | (494,252) | 2,356,143 | 480,673 | 1,070,508 |
| Net finance (Costs)/Income | **129,961** | 10,840 | 46,267 | 57,810 | (27,191) |
| Profit/(Loss) Before Taxation | **(2,000,237)** | (595,962) | 2,408,379 | 497,610 | 1,016,465 |
| Tax Expenses | **0** | 0 | 0 | 0 | (221,511) |
| Profit/(Loss) for the Year | **(2,000,237)** | (595,962) | 2,408,379 | 497,610 | 794,954 |
| **Attributable to -** | | | | | |
| Owners of the Parent | **0** | 0 | 0 | 0 | 0 |
| Non-controlling Interest | **0** | 0 | 0 | 0 | 0 |
| | **(2,000,237)** | (595,962) | 2,408,379 | 497,610 | 794,954 |
| **Financial Position** | | | | | |
| Stated Capital | **1,000,280** | 1,000,280 | 1,000,280 | 1,000,280 | 1,000,280 |
| Reserves | **511,043** | 2,753,151 | 3,317,540 | 936,725 | 430,350 |
| Total Equity Attributable to Equity Holders of the Parent | **1,511,323** | 3,753,431 | 4,317,820 | 1,937,005 | 1,430,650 |
| Non-Controlling Interest | **0** | 0 | 0 | 0 | 0 |
| Total Equity | **1,511,323** | 3,753,431 | 4,317,820 | 1,937,005 | 1,430,650 |
| **Borrowings** | | | | | |
| Borrowing | **0** | 0 | 0 | 0 | 0 |
| Trade Payables | **4,748,771** | 3,418,325 | 1,732,801 | 2,642,276 | 3,551,617 |
| | **4,748,771** | 3,418,325 | 1,732,801 | 2,642,276 | 3,551,617 |
| **Net Assets** | | | | | |
| Current Assets | **6,073,461** | 6,555,807 | 5,093,093 | 4,621,706 | 6,295,905 |
| Current Liabilities | **(5,196,819)** | (3,678,928) | (1,732,801) | (3,663,825) | (5,876,505) |
| Net Current Assets | **876,642** | 2,876,879 | 3,360,292 | 957,881 | 419,400 |
| Non-Current Liabilities | **0** | 0 | 0 | 0 | 0 |
| Non-Current Assets | **634,681** | 876,552 | 957,529 | 979,124 | 1,011,250 |
| Total Net Assets | **1,511,323** | 3,753,431 | 4,317,821 | 1,937,005 | 1,430,650 |
| **Ratios &Statistics** | | | | | |
| Growth in Annual Turnover (%) | **(42.69)** | 84.95 | 42.06 | 63.09 | 3.84 |
| Earnings per Share (Rs.) | **(2.00)** | (0.60) | 2.41 | 0.50 | 0.79 |
| Dividend per Share (Rs.) | **0.00** | 0.00 | 0.00 | 0.00 | 0.00 |
| Market Price per Share (Rs.) | **503.50** | 82.20 | 63.00 | 0.00 | 0.00 |
| Net Asset Value per Share | **1.51** | 3.75 | 4.31 | 1.93 | 1.43 |

**Note**

All per share details have been calculated, for all periods, based on the number of shares in issue as at 31st March 2026.

# Notes

# Form of Proxy

I/We (name of the shareholder/s)..........................................................................................................

Holder of NIC / Passport / Company Registration No./s ................................................................... of

(Address of shareholder/s)..........................................................................................................
Being a *shareholder/s of Paragon Ceylon PLC (the Company) hereby appoint:

Name of the proxy holder: * Mr/Mrs/Miss ...........................................................................................

Holder of NIC / Passport / Company Registration No./s ................................................................... of

(Address of proxy holder) ..........................................................................................................

OR failing him/her

| | |
|---|---|
| Mr. L.I. Ratnasabapathy | or failing him* |
| Ms. A.M. De Alwis | or failing her* |
| Ms. D.T. De Alwis | or failing her* |
| Mr. M.R.Y. Riffai | or failing him* |
| Mr. J. R. J Gomez | |

as my/our * Proxy to vote and speak as indicated hereunder for me/us* and on my/our* behalf at the 69th Annual General Meeting of the Company to be held on 25th September 2026 and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof:

| | For | Against |
|---|---|---|
| **Resolution 1**<br>To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Financial Statements for the year ended 31st March 2026 and the Report of the Auditors thereon. | ☐ | ☐ |
| **Resolution 2**<br>To re-elect Mr. M. R. Y. Riffai, who retires by rotation in terms of Article 84 of the Articles of Association, as a Director of the Company. | ☐ | ☐ |
| **Resolution 3**<br>To authorize the Directors to determine donations for the ensuing year. | ☐ | ☐ |
| **Resolution 4**<br>To re-appoint Bakertilly Edirisinghe & Company, Chartered Accountants as the Auditors of the Company and to authorize the Directors to determine their remuneration. | ☐ | ☐ |

In witness my/our* hands this ....................... day of ....................... Two Thousand and Twenty Six.

.............................................
**Signature of Shareholder(s)**

* Please delete the inappropriate words.
Instructions as to completion appear on the reverse.

# Form of Proxy Contd...

**INSTRUCTIONS FOR COMPLETION OF FORM OF PROXY**

1. This Form of Proxy must be deposited at the Registered Office No 15-2/1, Sir Chittampalam A Gardiner Mawatha, Colombo 2 not less than forty eight (48) hours before the time fixed for the Meeting.

2. In perfecting the Form of Proxy please ensure that all details are legible.

3. If you wish to appoint a person other than a Director of the Company as your proxy, please insert the relevant details in the space provided.

4. Please indicate with an 'X' in the space provided, how your proxy is to vote on the resolution. If no indication is given, the proxy in his discretion will vote as he thinks fit.

5. In the case of a Company/Corporation, the proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.

6. In the case of a Proxy signed by an Attorney, the Power of Attorney must be deposited at The Secretaries' Office (i.e. Businessmate (Private) Limited, NO. 45, Braybrooke Street, Colombo 02) for registration.